

IMPORTANT NOTICE

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA OR TO ANY U.S. PERSON OR IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Exchange Offer Memorandum (the **Exchange Offer Memorandum**) and you are therefore required to read this disclaimer carefully before accessing, reading or making any other use of the Exchange Offer Memorandum. By accessing the Exchange Offer Memorandum, you agree (in addition to giving the representations below) to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from any of Banca IMI S.p.A., Deutsche Bank AG, London Branch, Merrill Lynch International, Natixis and UBS Limited (together, the **Dealer Managers**), and/or Intesa Sanpaolo S.p.A. (**ISP**, the **Offeror** or the **Issuer**) and/or Lucid Issuer Services Limited (the **Exchange Agent**) as a result of such access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meaning given to them in the Exchange Offer Memorandum.

THIS ELECTRONIC TRANSMISSION DOES NOT CONTAIN OR CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR, SECURITIES TO OR FROM ANY PERSON IN THE UNITED STATES OR ANY OTHER JURISDICTION TO WHOM OR IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. THE SECURITIES REFERRED TO IN THE ATTACHED EXCHANGE OFFER MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES REFERRED TO IN THE EXCHANGE OFFER MEMORANDUM MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT)

THE ATTACHED EXCHANGE OFFER MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE EXCHANGE OFFER MEMORANDUM MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS WHO ARE NOT U.S. PERSONS AND TO WHOM IT IS OTHERWISE LAWFUL TO SEND THE EXCHANGE OFFER MEMORANDUM. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the attached Exchange Offer Memorandum or make an investment decision with respect to the Euro Senior Fixed Rate Notes due November 2017 (the **New Bonds**) to be issued by ISP, you must (i) be located outside the United States and not a U.S. Person and (ii) otherwise be able to participate lawfully in the invitations by ISP to holders of its EUR 750,000,000 Floating Rate Subordinated Notes due February 2018, EUR 500,000,000 Fixed / Floating Rate Callable Lower Tier II Subordinated Notes due June 2018, GBP 250,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due November 2017 and EUR 1,000,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due May 2018 (together, the **Existing Bonds**) to offer to exchange their Existing Bonds for the New Bonds (such invitations, the **Exchange Offers**), on the terms and subject to the conditions set out in the Exchange Offer Memorandum including the offer and distribution restrictions set out on pages 7 to 9 (the **Offer and Distribution Restrictions**).

The Exchange Offer Memorandum was sent at your request and by accessing the Exchange Offer Memorandum you shall be deemed to have represented to ISP, the Dealer Managers and the Exchange Agent that:

- (i) you are a holder or a beneficial owner of the Existing Bonds;
- (ii) the electronic mail address that you have given and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia (the **United States**);
- (iii) neither you nor any beneficial owner of the Existing Bonds or any other person on whose behalf you are acting, either directly or indirectly, is located or resident in the United States or is a U.S. Person;

- (iv) you are otherwise a person to whom it is lawful to send the Exchange Offer Memorandum and to make an invitation pursuant to the Exchange Offer in accordance with applicable laws, including the Offer and Distribution Restrictions; and
- (v) you consent to delivery of the Exchange Offer Memorandum by electronic transmission.

The attached Exchange Offer Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of ISP, the Dealer Managers, or the Exchange Agent or any person who controls, or is a representative, director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Exchange Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Dealer Managers or the Exchange Agent.

You are also reminded that the attached Exchange Offer Memorandum has been sent to you on the basis that you are a person into whose possession the Exchange Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction(s) in which you are located and/or resident and you may not, nor are you authorised to, deliver the Exchange Offer Memorandum to any other person.

Any materials relating to the Exchange Offers do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Exchange Offer be made by a licensed broker or dealer and any of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in that jurisdiction, the relevant Exchange Offer(s) shall be deemed to be made by such Dealer Manager or such affiliate on behalf of ISP in such jurisdiction.

The Exchange Offer Memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

Restrictions

Nothing in this electronic transmission constitutes an offer to buy or the solicitation of an offer to sell securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful.

The distribution of the attached Exchange Offer Memorandum in certain jurisdictions (including the United States, the United Kingdom, France and Belgium) may be restricted by law. See "*Offer and Distribution Restrictions*" in the attached Exchange Offer Memorandum. Persons into whose possession the Exchange Offer Memorandum comes are required by ISP, the Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA OR TO ANY U.S. PERSON OR IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.

EXCHANGE OFFER MEMORANDUM dated 25 OCTOBER 2012.

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.



**Invitations by
INTESA SANPAOLO S.P.A.
(ISP, the Offeror or the Issuer)**

to holders of its outstanding

GBP 250,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due November 2017
(ISIN Code: XS0324790657)

EUR 750,000,000 Floating Rate Subordinated Notes due February 2018
(ISIN Code: XS0243399556)

EUR 1,000,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due May 2018
(ISIN Code: XS0365303675)

EUR 500,000,000 Fixed / Floating Rate Callable Lower Tier II Subordinated Notes due June 2018
(ISIN Code: XS0258143477)

(together, the Existing Bonds)

**to offer to exchange any and all of the Existing Bonds denominated in Sterling and
up to Euro 1,500,000,000 of Existing Bonds denominated in Euro**

for

Euro Senior Fixed Rate Notes due November 2017

(the New Bonds)

to be issued by Intesa Sanpaolo S.p.A. under the Prospectus (defined herein)

(such invitations, the Exchange Offers and each an Exchange Offer)

Existing Bonds	ISIN	Outstanding principal amount*	Amount subject to the Exchange Offer	Exchange Price	Order of Priority
GBP 250,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due November 2017 (the Bonds due November 2017)	XS0324790657	GBP 250,000,000	Any and all	98.50%	1
EUR 750,000,000 Floating Rate Subordinated Notes due 2018 (the Bonds due February 2018)	XS0243399556	Euro 750,000,000	Up to Euro 1,500,000,000	93.75%	2
EUR 1,000,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due 2018 (the Bonds due May 2018)	XS0365303675	Euro 1,000,000,000		94.50%	2
EUR 500,000,000 Fixed / Floating Rate Callable Lower Tier II Subordinated Notes due 2018 (the Bonds due June 2018)	XS0258143477	Euro 500,000,000		93.50%	2

**To the best of the knowledge and belief of ISP, as at the date of 23 October 2012, ISP's subsidiary, Banca IMI S.p.A., and the Issuer itself own approximately € 17.680.000 (equivalent) in principal amount of Existing Bonds.*

THE EXCHANGE OFFERS WILL EXPIRE AT 5.00 P.M. (CET) ON 6 NOVEMBER 2012, UNLESS EXTENDED, RE-OPENED, AMENDED OR TERMINATED AS PROVIDED IN THIS EXCHANGE OFFER MEMORANDUM.

THE DEADLINE SET BY ANY INTERMEDIARY OR CLEARING SYSTEM WILL BE EARLIER THAN THIS DEADLINE.

Dealer Managers

**BANCA IMI
DEUTSCHE BANK**

**BofA MERRILL LYNCH
NATIXIS**

UBS INVESTMENT BANK

This Exchange Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Exchange Offers. If any Bondholder is in any doubt as to the contents of this document or the action it should take, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Existing Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to offer Existing Bonds for exchange pursuant to the Exchange Offers.

None of ISP and/or Banca IMI S.p.A., Deutsche Bank AG, London Branch, Merrill Lynch International, Natixis and UBS Limited (together, the Dealer Managers) and/or Lucid Issuer Services Limited (the Exchange Agent) expresses any view on the merits of the Exchange Offers or makes any recommendation as to whether holders of Existing Bonds should offer their Existing Bonds for exchange pursuant to the Exchange Offers.

Before making a decision whether to offer Existing Bonds for exchange pursuant to the Exchange Offers, Bondholders should carefully consider all of the information in this Exchange Offer Memorandum, including the Annexes hereto, and, in particular, the risk factors described in "*Risk Factors and Other Considerations*" and the Prospectus Risk Factors (as defined herein).

This Exchange Offer Memorandum does not constitute an invitation to participate in the Exchange Offers in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws. The Exchange Offers are subject to offer and distribution restrictions in, amongst other countries, the United States of America, the United Kingdom, France and Belgium. The distribution of this Exchange Offer Memorandum in those jurisdictions is restricted by the laws of such jurisdictions. No action has been or will be taken in any jurisdiction in relation to the Exchange Offers that would permit a public offering of securities in any country or jurisdiction where action for that purpose would be required. See "*Offer and Distribution Restrictions*".

The Exchange Offers are being made only outside the United States pursuant to Regulation S under the United States Securities Act of 1933, as amended (the **Securities Act**) and are not being made to any U.S. Person (as defined in Regulation S under the Securities Act). Neither the Existing Bonds nor the New Bonds have been, and they will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the benefit or account of, U.S. Persons.

In Italy, the Exchange Offers are being carried out as exempted offers pursuant to article 101-bis, paragraph 3-bis of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

THE EXCHANGE OFFERS

The Exchange Offers are made on the terms and subject to the conditions set out in this Exchange Offer Memorandum (including the offer restrictions set out in "*Offer and Distribution Restrictions*").

Capitalised terms used in this Exchange Offer Memorandum have the meaning given in "*Definitions*" and any other definitions of such terms are for ease of reference only and shall not affect their interpretation.

All references in this Exchange Offer Memorandum to **euro**, **€** or **EUR** refer to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. All references to **£**, **Sterling** or **GBP** are to the lawful currency for the time being of the United Kingdom.

Rationale for the Exchange Offers

Such invitation will allow ISP to optimize both the composition of regulatory capital by the increasing of its Core Tier I Capital, both the cost of funding, taking into account that:

- ISP does not deem appropriate to maintain its call-exercise policy in the existing market conditions in relation to the subordinated notes referred to in this invitation and in order to counterbalance the potential economic effect on the relevant Bonds gives the Bondholders the possibility to exchange them into newly-issued senior notes on the basis of current market value.
- ISP has also resolved to modify the terms of the subordinated notes referred to in this invitation which are not exchanged into newly issued senior notes, removing the Issuer's call option in order to increase the probability that such notes might continue to be recognised as Tier II regulatory capital of ISP provided that the applicable legal and regulatory framework is still under discussion.

THE EXCHANGE OFFERS

Subject to the offer restrictions set out in "*Offer and Distribution Restrictions*", and on the terms and conditions set out in this Exchange Offer Memorandum the holders of the Existing Bonds are invited to offer to exchange their Existing Bonds for New Bonds.

ISP currently proposes to accept for exchange, pursuant to this Exchange Offer Memorandum, (i) Existing Bonds denominated in Euro up to an amount not exceeding EUR 1,500,000,000 in aggregate of all of the Existing Bonds denominated in Euro (the **Euro Acceptance Amount**), and (ii) Existing Bonds denominated in Sterling up to their aggregate principal amount with no scaling of offers. ISP will accept the Existing Bonds denominated in Euro up to the Euro Acceptance Amount in accordance with the order of priority set out in the table on the cover page hereof and in accordance with the procedures described in "*Order of priority and Scaling of Offers*", below. ISP will determine the allocation of the Euro Acceptance Amount between each series in its sole discretion, and reserves the right to accept significantly more or less (or none) of Existing Bonds of any series as compared to the other series (the final aggregate nominal amount of a series accepted for exchange being referred to as the **Series Acceptance Amount** in respect of such series).

Exchange consideration

Each Bondholder whose Existing Bonds are accepted for exchange pursuant to the Exchange Offers will receive, on the Settlement Date, an aggregate principal amount of New Bonds equal to the product of (a) the aggregate principal amount of the Existing Bonds accepted for exchange by the Issuer and (b) the relevant Exchange Ratio and (c) in the case of Existing Bonds denominated in Sterling, the FX Rate, in each case with the resulting amount rounded down to the nearest lower multiple of Euro 1,000.

If, as a result of the application of the relevant Exchange Ratio, the scaling of Exchange Offers (if applicable) and, in the case of the Existing Bonds denominated in Sterling, the application of the FX Rate, a Bondholder would be entitled to receive an aggregate nominal amount of New Notes higher than Euro 100,000 that is not an integral multiple of

€1,000, ISP will pay (or procure that there is paid) in cash to that Bondholder on the Settlement Date the Exchange Rounding Amount (as defined below).

ISP will also pay each such Bondholder on the Settlement Date an Accrued Interest Payment equal to the cash amount (rounded to the nearest €0.01, or £0.01, as applicable, with half a cent, or half a penny, as applicable, rounded upwards) corresponding to the interest accrued and unpaid on the Existing Bonds, validly offered for exchange by a Bondholder in the Exchange Offers and accepted by ISP, from (and including) the interest payment date for the Existing Bonds immediately preceding the Settlement Date to (but excluding) the Settlement Date, calculated in accordance with the terms and conditions of the relevant Existing Bonds.

In order to participate in the Exchange Offers, Bondholders must validly offer to exchange their Existing Bonds by delivering, or arranging to have delivered on their behalf, a valid Exchange Instruction that is received by the Exchange Agent by 5.00 p.m. (CET) on 6 November 2012 (the **Expiration Deadline**) (and not subsequently revoked in the circumstances in which such revocation is permitted). See "*Procedures for Participating in the Exchange Offers – Exchange Instructions*".

Minimum Offer Amount

The New Bonds will be issued in a minimum denomination of Euro 100,000 and multiples of Euro 1,000 in excess thereof. In order to be eligible to receive New Bonds pursuant to the relevant Exchange Offer, a Bondholder must validly offer to exchange such principal amount of Existing Bonds of the relevant series that, following application of the relevant Exchange Price in respect of such series of Bonds, the scaling of Offers where applicable and, in the case of the Existing Bonds denominated in Sterling, the FX Rate, will, if such offer to exchange is accepted by ISP, entitle it to receive at least Euro 100,000 in principal amount of New Bonds.

Order of priority and Scaling of Offers

ISP will accept valid offers to exchange in the following order of priority:

- Offers in respect of the Existing Bonds denominated in Sterling will be accepted by ISP first; and
- Offers in respect of any other series of second priority (being all Existing Bonds other than the Existing Bonds denominated in Sterling) will be accepted by ISP second.

If the aggregate principal amount of the Existing Bonds of the second priority validly offered for exchange is greater than the Euro Acceptance Amount, ISP intends to accept to exchange the Existing Bonds validly offered for exchange on a pro rata basis. ISP explicitly reserves the right to choose to apply any scaling factor (a **Pro-Ration Factor**) for each series of Existing Bonds denominated in Euro at its own discretion. Any Exchange Offers so scaled will be rounded down to the nearest denomination of the relevant series of Existing Bonds.

The New Bonds

The New Bonds will be issued on the terms and conditions set out in the Prospectus to be read in conjunction with the Final Terms applicable to the New Bonds, which Final Terms are expected to be substantially in the form set out in Annex 2 to this Exchange Offer Memorandum and will be issued in exchange for the Existing Bonds only.

Exchange Price, New Issue Price and Exchange Ratio

The nominal amount of New Bonds that each Bondholder whose Existing Bonds are validly tendered for exchange and accepted for exchange by ISP pursuant to the Exchange Offer Memorandum will receive on the Settlement Date will be calculated by reference to:

- (a) the aggregate nominal amount of the relevant Existing Bonds validly offered for exchange by such Bondholder (and accepted for exchange by ISP); and
- (b) the relevant Exchange Ratio, calculated by dividing the Exchange Price for the relevant series of Existing Bonds by the New Issue Price, rounded to the nearest 0.000001; and
- (c) in the case of the Existing Bonds denominated in Sterling, the FX Rate.

New Bonds Spread, New Issue Price and New Bonds Coupon

New Bonds Spread

The New Bonds Spread (on the basis of which the New Bonds Coupon will be fixed) is equal to 310 bps.

New Issue Price and New Notes Coupon

For the purpose of determining the New Issue Price and the New Bonds Coupon, the Issuer will determine the Euro Mid-Swap Rate as soon as practicable after the Expiration Deadline (the **Pricing Date**).

The New Bonds Spread will be added to such Euro Mid-Swap Rate to determine the New Bonds Yield, which is intended to reflect the yield to maturity of the New Bonds on the Settlement Date.

The New Issue Price and the New Bonds Coupon shall be calculated on the basis of the New Bonds Yield in accordance with market convention. The New Bonds Coupon will be set equal to the New Bonds Yield, rounded down to the nearest one-eighth per cent. (0.125%) in accordance with market convention. The New Issue Price shall be as close as possible to 100 per cent. of the nominal amount of the New Bonds, adjusted to allow for rounding down of the New Bonds Coupon as aforesaid, rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards).

ANNOUNCEMENT OF RESULTS

As soon as practicable after the Expiration Deadline ISP will announce (the **Announcement of Results**):

- (a) its decision whether to accept valid tenders to exchange Existing Bonds pursuant to the Exchange Offer Memorandum; and, if so accepted,
- (b) the Euro Mid-Swap Rate, the New Bonds Coupon, the New Issue Price, the resulting Exchange Ratio for Existing Bonds of each series and the FX Rate;
- (c) the Series Acceptance Amount of each series and, if applicable, any Pro-Ration Factor; and
- (d) the aggregate principal amount of New Bonds to be issued.

See also "*Further Information and Terms and Conditions – Announcements*" below.

GENERAL

The expected Settlement Date for the Exchange Offers is 9 November 2012.

ISP may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offers, or either of them at any time, subject to applicable law and as provided in this Exchange Offer Memorandum. Details of any such extension, re-opening, amendment, waiver or termination will be announced as provided in this Exchange Offer Memorandum as soon as reasonably practicable after the relevant decision is made. See "*Amendment and Termination*".

Exchange Instructions may be revoked only in the limited circumstances described in "*Amendment and Termination*".

*Bondholders are advised to check with any broker, dealer, bank, custodian, trust company, nominee or other intermediary through which they hold Existing Bonds when such intermediary would require to receive instructions from a Bondholder in order for that Bondholder to be able to participate in, or (in the circumstances in which revocation is permitted) revoke their instruction to participate in, an Exchange Offer before the deadlines specified in this Exchange Offer Memorandum. **The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Exchange Instructions will be earlier than the relevant deadlines specified in this Exchange Offer Memorandum.***

For further information on the Exchange Offers and the further terms and conditions on which the Exchange Offers are made, Bondholders should refer to "*Further Information and Terms and Conditions*". Questions and requests for assistance in connection with the (i) Exchange Offers may be directed to the Dealer Managers, and (ii) delivery of Exchange Instructions may be directed to the Exchange Agent. The contact details for each of the Dealer Managers and the Exchange Agent are set out on the last page of this Exchange Offer Memorandum.

CONTENTS

	<i>Page</i>
Offer and Distribution Restrictions	7
General.....	10
Expected Timetable of Events.....	11
Definitions.....	12
Risk Factors and Other Considerations.....	14
Further Information and Terms and Conditions	17
Tax Consequences	19
Procedures for Participating in the Exchange Offers.....	20
Amendment and Termination.....	26
Dealer Managers and Exchange Agent.....	28
Annex 1: Draft Prospectus as of 25 October 2012 (subject to completion and amendment and approval by the competent authority in Luxembourg being the CSSF)	
Annex 2: Form of Final Terms for the New Bonds (subject to completion and amendment)	

OFFER AND DISTRIBUTION RESTRICTIONS

This Exchange Offer Memorandum does not constitute an invitation to participate in the Exchange Offers in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by each of ISP, the Dealer Managers and the Exchange Agent to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction by ISP, the Dealer Managers and the Exchange Agent in relation to the Exchange Offers that would permit a public offering of New Bonds in any country or jurisdiction where action for that purpose would be required. Each Exchange Offer comprises an offer of securities to the public for the purposes of the Prospectus Directive. However, no action is required to be taken under the Prospectus Directive in connection with such offer as the minimum denomination of the New Bonds will be Euro 100,000.

United States

The Exchange Offers are not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to, for the account or benefit of, U.S. persons. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons, and the Existing Bonds cannot be offered for exchange in the Exchange Offers by any such use, means, instrumentality or facilities or from within the United States or by U.S. persons. Any purported offer of Existing Bonds for exchange resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer of Existing Bonds for exchange made by a U.S. person, a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

This Exchange Offer Memorandum is not an offer of securities for sale in the United States or to U.S. persons. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. Neither the Existing Bonds nor the New Bonds have been, and they will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. The purpose of this Exchange Offer Memorandum is limited to the Exchange Offers and this Exchange Offer Memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Bondholder participating in an Exchange Offer will represent that (i) it is not located in the United States and is not participating in that Exchange Offer from the United States, that it is participating in the Exchange Offer in accordance with Regulation S under the Securities Act and that it is not a U.S. person or (ii) it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in an Exchange Offer from the United States and is not a U.S. person. For the purposes of this and the above two paragraphs, **United States** means United States of America, its territories and possessions, including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Islands and the Northern Mariana Islands, any state of the United States of America and the District of Columbia.

Italy

None of the Exchange Offers, this Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offers have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB). The Exchange Offers are being carried out in the Republic of Italy (**Italy**) as an exempt offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the **Issuers' Regulation**). Bondholders or beneficial owners of the Existing Bonds can offer Existing Bonds

for exchange through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority. Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Existing Bonds, the New Bonds, the Exchange Offers or this Exchange Offer Memorandum.

United Kingdom

This Exchange Offer Memorandum has been issued by ISP of Piazza San Carlo 156, 10121, Turin, Italy which is regulated by the Bank of Italy and is also subject to regulation by the United Kingdom Financial Services Authority (the FSA).

This Exchange Offer Memorandum is being distributed only to holders of the Existing Bonds and is only addressed to such holders where they would (if they were clients of ISP) be professional clients or eligible counterparties of ISP within the meaning of the FSA rules. This Exchange Offer Memorandum is not addressed to or directed at any persons who would be retail clients within the meaning of the FSA rules and any such persons should not act or rely on it. Recipients of this Exchange Offer Memorandum should note that ISP is acting on its own account in relation to the Exchange Offers and will not be responsible to any other person for providing the protections which would be afforded to clients of ISP or for providing advice in relation to any Exchange Offer.

In addition, the communication of this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**)) or any other persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France

The Exchange Offers are not being made, directly or indirectly, to the public in the Republic of France (**France**). Neither this Exchange Offer Memorandum nor any other document or material relating to the Exchange Offers has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, in each case acting on their own account and all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French *Code Monétaire et Financier* are eligible to participate in the Exchange Offers. This Exchange Offer Memorandum has not been and will not be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.

Belgium

Neither this Exchange Offer Memorandum nor any other document or material relating to the Exchange Offers has been submitted to or will be submitted for approval or recognition to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) and, accordingly, the Exchange Offers may not be made in the Kingdom of Belgium (**Belgium**) by way of a public offering, as defined in Article 3 § 1, 1° of the Belgian Law of 1 April 2007 on public takeover bids (the **Takeover Law**) or as defined in Article 3 § 1 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the **Belgian Public Offer Law**), each as amended or replaced from time to time.

The Exchange Offers are being carried out in Belgium as exempted offers pursuant to article 3 § 2 of the Belgian Public Offer Law and article 6 § 3, 3° of the Takeover Law. An investor located in Belgium can participate in the Exchange Offers only if the Existing Bonds submitted by it have a nominal amount, equal to or greater than €50,000, or its

equivalent in the relevant currency of denomination (an **Eligible Belgian Investor**). Accordingly, investors located in Belgium that do not qualify as Eligible Belgian Investors may not participate in the Exchange Offers and neither this Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers may be distributed or otherwise made available to them as part of the Exchange Offers.

General

This Exchange Offer Memorandum does not constitute an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Bonds and/or New Bonds, as applicable, (and offers of Existing Bonds for exchange pursuant to the Exchange Offers will not be accepted from Bondholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Exchange Offers to be made by a licensed broker or dealer and any of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, the relevant Exchange Offer(s) shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of ISP in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each holder of Existing Bonds participating in the Exchange Offers will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in "*Procedures for Participating in the Exchange Offers*". Any offer of Existing Bonds for exchange pursuant to the Exchange Offers from a Bondholder that is unable to make these representations will not be accepted. Each of ISP, the Dealer Managers and the Exchange Agent reserves the right, in its absolute discretion, to investigate, in relation to any offer of Existing Bonds for exchange pursuant to the Exchange Offers, whether any such representation given by a Bondholder is correct and, if such investigation is undertaken and as a result ISP determines (for any reason) that such representation is not correct, such instruction shall not be accepted.

GENERAL

ISP accepts responsibility for the information contained in this document (including the Annexes to this document). To the best of the knowledge and belief of ISP, and having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Bondholder is solely responsible for making its own independent appraisal of all matters as such Bondholder deems appropriate (including those relating to the Exchange Offers, the Existing Bonds, the New Bonds and ISP) and each Bondholder must make its own decision as to whether to offer any or all of its Existing Bonds for exchange pursuant to the Exchange Offers. None of the Dealer Managers and the Exchange Agent or any of their respective representatives, directors, employees or affiliates makes any representation or recommendation whatsoever regarding this Exchange Offer Memorandum or the Exchange Offers, and none of ISP, the Dealer Managers, the Exchange Agent, or any of their respective representatives, directors, employees or affiliates makes any recommendation as to whether holders of Existing Bonds should offer any Existing Bonds for exchange pursuant to the Exchange Offers. The Exchange Agent is the agent of ISP and does not owe any duty to any holder of Existing Bonds.

Neither the delivery of this Exchange Offer Memorandum nor any exchange of Existing Bonds pursuant to the Exchange Offers shall, under any circumstances, create any implication that the information contained in this Exchange Offer Memorandum is current as of any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of ISP since the date of this Exchange Offer Memorandum.

No person has been authorised to give any information or to make any representation about ISP, the Existing Bonds, the New Bonds or the Exchange Offers other than as contained in this Exchange Offer Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by ISP, or any of the Dealer Managers, the Exchange Agent or any of their respective agents.

Existing Bonds can only be offered for exchange in the relevant Exchange Offer, in accordance with the procedures described in "*Procedures for Participating in the Exchange Offers*".

If Existing Bonds are accepted for exchange pursuant to the Exchange Offers, Bondholders who do not participate in the Exchange Offers, or whose Existing Bonds are not accepted for exchange by ISP, will continue to hold their Existing Bonds subject to the terms and conditions of the Existing Bonds, as amended.

For the avoidance of doubt, each invitation by ISP to Bondholders contained in this Exchange Offer Memorandum is an invitation to treat by ISP and any references to any offer or invitation being made by ISP under or in respect of any Exchange Offers shall be construed accordingly.

Unless the context otherwise requires, all references in this Exchange Offer Memorandum to **Bondholders** or **holders** of Existing Bonds include:

- (a) each person who is shown in the records of Euroclear or Clearstream, Luxembourg (together with Euroclear, the **Clearing Systems** and each a **Clearing System**) as a holder of the Existing Bonds (also referred to as **Direct Participants** and each a **Direct Participant**); and
- (b) each beneficial owner of the Existing Bonds holding such Existing Bonds, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner's behalf.

For the purposes of the exchange of any Existing Bonds for New Bonds and any payment to a Bondholder of the Accrued Interest Payment and of the Exchange Rounding Amount (if applicable), to the extent the beneficial owner of the relevant Existing Bonds is not a Direct Participant, the relevant New Bonds will only be delivered and such payment will only be made by the relevant Clearing System to the relevant Direct Participant and the delivery of such New Bonds and making of such payment by or on behalf of ISP to such Clearing System and by such Clearing System to such Direct Participant will satisfy the respective obligations of ISP and such Clearing System in respect of the exchange of such Existing Bonds. Accordingly, each beneficial owner of Existing Bonds who holds his Existing Bonds, directly or indirectly, in an account in the name of a Direct Participant must rely on the procedures of, and any contractual arrangements in place with, such Direct Participant and any other relevant intermediaries.

EXPECTED TIMETABLE OF EVENTS

This is an indicative timetable showing one possible outcome for the timing of the Exchange based on the dates in this Exchange Offer Memorandum. This timetable is subject to change and dates and times may be extended or amended by ISP in accordance with the terms of the Exchange Offers as described in this Exchange Offer Memorandum. Accordingly, the actual timetable may differ significantly from the timetable below.

Events

Times and Dates

(All times are CET)

Commencement of the Exchange Offers

Exchange Offers announced

On Thursday 25 October 2012

Exchange Offer Memorandum available from the Exchange Agent

Expiration Deadline

Final deadline for receipt of valid Exchange Instructions by the Exchange Agent in order for Bondholders to be able to participate in the Exchange Offers. 5:00p.m. on Tuesday 6 November 2012

The Expiration Deadline is the final deadline for Bondholders to be eligible to participate in the Exchange Offers. Bondholders that offer Existing Bonds for exchange where such offer is received by the Exchange Agent after the Expiration Deadline will not be eligible to participate in the Exchange Offers.

Pricing

Determination of the Euro Mid-Swap Rate, calculation of New Bonds Coupon, New Issue Price and Exchange Ratios As soon as practicable after the Expiration Deadline

FX Rate from Bloomberg Screen FXC

Announcement of Results

Announcement of whether ISP will accept valid offers of Existing Bonds for exchange pursuant to the Exchange Offers.

If so accepted, ISP will also announce:

(i) the final aggregate principal amount of New Bonds to be issued, the Series Acceptance Amount, any Pro-Ration Factor

(ii) the Euro Mid-Swap Rate, New Issue Price, New Bonds Coupon and the Exchange Ratios

(iii) the FX Rate in respect of the Existing Bonds denominated in Sterling.

Publication of the Final Terms of the New Bonds

On or around Thursday 8 November 2012.

Settlement Date

Expected settlement date for the Exchange Offers.

On or around Friday 9 November 2012 .

Delivery of New Bonds in exchange for Existing Bonds accepted for exchange by ISP and payment of Accrued Interest Payments and of the Exchange Rounding Amounts (if applicable).

Bondholders are advised to check with any broker, dealer, bank, custodian, trust company, nominee or other intermediary through which they hold Existing Bonds when such intermediary would require to receive instructions

*from a Bondholder in order for that Bondholder to be able to participate in, or (in the circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offers before the deadlines set out above. **The deadlines set by any such intermediary and each Clearing System for the submission of Exchange Instructions will be earlier than the relevant deadlines above.***

DEFINITIONS

Accrued Interest	Interest accrued and unpaid on the Existing Bonds from (and including) the interest payment date for the Existing Bonds immediately preceding the Settlement Date to (but excluding) the Settlement Date, calculated in accordance with the terms and conditions of the relevant Existing Bonds.
Accrued Interest Payment	An amount in cash (rounded to the nearest €0.01 or £0.01 as applicable, with half a cent rounded upwards) equal to the Accrued Interest on the relevant Existing Bonds validly offered for exchange by a Bondholder in the Exchange Offers and accepted by ISP. See also " <i>Further Information and Terms and Conditions</i> " below.
Bloomberg Screen FXC	The display page on the Bloomberg designated as the "FXC" page (or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Issuer) for the purpose of displaying the £/€ exchange rate.
Bloomberg Screen Page	The display page on the Bloomberg designated as the "ICAE1" page (or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Issuer), for the purpose of displaying the bid and offered swap rates for the relevant euro swap transactions.
Bondholders	Holders of the Existing Bonds (including as further defined under " <i>General</i> ").
Bonds denominated in Euro	The Bonds due February 2018, the Bonds due May 2018 and the Bonds due June 2018.
Bonds due February 2018	The EUR 750,000,000 Floating Rate Subordinated Notes due February 2018 (ISIN Code: XS0243399556).
Bonds due June 2018	The EUR 500,000,000 Fixed / Floating Rate Callable Lower Tier II Subordinated Notes due June 2018 (ISIN Code: XS0258143477).
Bonds due May 2018	The EUR 1,000,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due May 2018 (ISIN Code: XS0365303675).
Bonds due November 2017 or Existing Bonds denominated in Sterling	The GBP 250,000,000 Lower Tier II Subordinated Fixed to Floating Rate Notes due November 2017 (ISIN Code: XS0324790657).
Business Day	A day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London and Italy.
Clearing System Notice	The "Deadlines and Corporate Events" or similar form of notice to be sent to Direct Participants by each of the Clearing Systems on or about the date of this Exchange Offer Memorandum informing Direct Participants of the procedures to be followed in order to participate in the Exchange Offers.
Clearing Systems	Euroclear and Clearstream, Luxembourg.
Clearstream, Luxembourg	Clearstream Banking, <i>société anonyme</i> .
Dealer Managers	Banca IMI S.p.A., Deutsche Bank AG, London Branch, Merrill Lynch International, Natixis and UBS Limited
Direct Participant	Each person who is shown in the records of the relevant Clearing Systems as a holder of the Existing Bonds.

Euro Acceptance Amount	The final aggregate nominal amount of Existing Bonds denominated in Euro accepted for exchange pursuant to the Exchange Offers
Euro Mid-Swap Rate	The mid-market arithmetic mean, expressed as a percentage and rounded to the nearest 0.001 per cent., of the bid and offered swap rates for euro swap transactions with a maturity of 5 years, in each case which appear on the Bloomberg Screen Page, as determined by the Issuer on the Pricing Date.
Euroclear	Euroclear Bank S.A./N.V.
Exchange Agent	Lucid Issuer Services Limited
Exchange Instruction	The electronic exchange and blocking instruction in the form specified in the Clearing System Notice for submission by Direct Participants to the Exchange Agent via the relevant Clearing System and in accordance with the requirements of such Clearing System by the Expiration Deadline in order for Noteholders to be able to participate in the Exchange Offers.
Exchange Offer Memorandum	This Exchange Offer Memorandum dated 25 October 2012.
Exchange Offers	The invitations by ISP to holders of the Existing Bonds (subject to the offer restrictions referred to in " <i>Offer and Distribution Restrictions</i> ") to offer to exchange their Existing Bonds for New Bonds, on the terms and subject to the conditions set out in this Exchange Offer Memorandum.
Exchange Price	The exchange price expressed as a percentage of the principal amount of the relevant Existing Bonds accepted for exchange by ISP, as set out on the cover page of this Exchange Offer Memorandum.
Exchange Ratio	In respect of each series of Existing Bonds, the ratio that will determine the nominal amount of New Bonds that each Bondholder whose Existing Bonds are accepted for exchange pursuant to the Exchange Offers will receive on the Settlement Date, calculated by dividing the Exchange Price of such series of Existing Bonds by the New Issue Price, rounded to the nearest 0.000001. In the case of Existing Bonds denominated in Sterling, the Exchange Ratio will be subject to the application of the FX Ratio, as further described in " <i>The Exchange Offers – Exchange Price, New Issue Price and Exchange Ratio</i> ".
Exchange Rounding Amount	In relation to Existing Bonds of each series validly offered for exchange by each Bondholder and accepted by ISP for exchange, the amount in cash to be paid by ISP to such Bondholder on the Settlement Date for any fractional portion of the aggregate nominal amount of New Bonds which such Bondholder would otherwise be entitled to receive, as a result of the application of the relevant Exchange Ratio, the scaling of Exchange Offers (if applicable) and, in the case of the Existing Bonds denominated in Sterling, the application of the FX Rate, that is not an integral multiple of €1,000, such amount being equal to the product of (a) the fractional portion of such aggregate nominal amount that is not such an integral multiple and (b) the New Issue Price (with the resulting amount rounded to the nearest €0.01 with half a euro cent being rounded upwards).
Existing Bonds	The Bonds due February 2018, the Bonds due June 2018, the Bonds due May 2018 and the Bonds due November 2017.
Existing Bonds Conditions	The terms and conditions of the Existing Bonds, as modified pursuant to the Trust Deed.
Expiration Deadline	5.00 p.m. (CET) on 6 November 2012 (subject to the right of ISP to extend, re-open, amend and/or terminate the Exchange Offer, as applicable).
FX Rate	The £/€ exchange rate to be fixed by the Issuer as soon as practicable after the Expiration Deadline from Bloomberg Screen FXC (subject to the right of ISP at its sole discretion to extend, re-open, amend and/or terminate the Exchange Offers). The FX Rate represents the

	number of euro for which one pound sterling may be exchanged.
ISP, or the Issuer or the Offeror	Intesa Sanpaolo S.p.A.
New Bonds	The Euro Senior Fixed Rate Notes due November 2017 to be issued by ISP.
New Bonds Conditions	The terms and conditions of the New Bonds set out in the Prospectus read in conjunction with the Final Terms applicable to the New Bonds, which are expected to be substantially in the form set out in Annex 2 to this Exchange Offer Memorandum.
New Bonds Coupon	The interest rate applicable to the New Bonds, to be determined in the manner described in the Section " <i>The Exchange Offers – New Bonds Spread, New Issue Price and New Bonds Coupon</i> "
New Bonds Spread	310 bps
New Bonds Yield	The sum of the New Bonds Spread and the Euro Mid-Swap Rate, on the basis of which the New Bonds Coupon and the New Issue Price will be calculated in accordance with market convention, as described in the Section " <i>The Exchange Offers – New Bonds Spread, New Issue Price and New Bonds Coupon</i> ".
New Issue Price	The price at which New Bonds will be issued, expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards), calculated in the manner described in the Section " <i>The Exchange Offers – New Bonds Spread, New Issue Price and New Bonds Coupon</i> "
Notifying News Service	A recognised financial news service or services (e.g. Reuters/Bloomberg) as selected by ISP.
Outstanding Principal Amount	In relation to a series of Existing Bonds, the aggregate nominal principal amount outstanding of such series of Existing Bonds.
Pro-Ration Factor	Has the meaning set out in the Section " <i>The Exchange Offers – Order of priority and scaling of Offers</i> "
Prospectus	The EUR 70,000,000,000 Euro Medium Term Note Programme Base Prospectus expected to be published on or around 30 October 2012. The draft (subject to completion and amendment) of this Prospectus is attached as Annex 1
Prospectus Directive	EU Directive 2003/71/EC as amended.
Prospectus Risk Factors	The risk factors included in the Prospectus.
Regulation S	Regulation S under the Securities Act.
Securities Act	United States Securities Act of 1933, as amended.
Series Acceptance Amount	The final aggregate nominal amount of a series of Existing Bonds accepted for exchange pursuant to the Exchange Offers.
Settlement Date	The date of settlement of the Exchange Offers, which is expected to be 9 November 2012 (subject to the right of ISP to extend, re-open, amend and/or terminate the Exchange Offers).

RISK FACTORS AND OTHER CONSIDERATIONS

Before making a decision with respect to the Exchange Offers, holders of Existing Bonds should carefully consider all of the information in this Exchange Offer Memorandum, including the Annexes hereto, and, in particular, the following factors and the factors described in the Prospectus Risk Factors.

*In particular, Bondholders should consider that the Existing Bonds, according to the relevant Final Terms, granted the Issuer the option to early redeem the principal amount of the Existing Bonds before the relevant maturity dates (the **Issuer Call Option**). The Issuer requested The Law Debenture Trust Corporation p.l.c., in its capacity as trustee for the Bondholders (the **Trustee**), according to the relevant provision set out in the Trust Deed entered into with the Trustee, to provide its consent to the modification of the terms of the Existing Bonds by removing the Issuer Call Option contained in respect of each series of Existing Bonds in order to reduce the risk that the Existing Bonds will be derecognised as regulatory capital of the Issuer following the implementation of the Capital Requirement Directive IV into Italian Law and, on the basis that such amendment is not materially prejudicial to the interests of the Bondholders. Such modifications are effective from 25 October 2012 and contained in a Supplemental Trust Deed dated 25 October 2012 entered into between the Issuer and the Trustee.*

Uncertainty as to the trading market for Existing Bonds not exchanged

Although the Existing Bonds that are not validly offered for exchange by Bondholders or accepted for exchange by ISP will continue to be listed on the Official List of the Luxembourg Stock Exchange and/or the Irish Stock Exchange, as the case may be, and admitted to trading on the Luxembourg Stock Exchange's regulated market and/or the Irish Stock Exchange, as the case may be, to the extent offers of Existing Bonds for exchange in the Exchange Offers are accepted by ISP and the Exchange Offers are completed, the trading market for the Existing Bonds that remain outstanding following such completion may be significantly more limited. Such remaining Existing Bonds may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Existing Bonds more volatile. As a result, the market price for such Existing Bonds that remain outstanding after the completion of the Exchange Offers may be adversely affected as a result of the Exchange Offers. None of ISP, the Dealer Managers or the Exchange Agent has any duty to make a market in any such remaining Existing Bonds.

Uncertainty as to the trading market for the New Notes

ISP does not intend to make any application for the listing and admission to trading of the New Bonds on any market other than the listing of the New Bonds on the Official List and admission to trading on the regulated market of the Luxembourg Stock Exchange. The New Bonds are securities for which there is currently no trading market and for which there can be no assurance of future liquidity.

Depending on the level of acceptance of the Exchange Offers, more or less New Bonds may be issued. In case of low acceptance of the Exchange Offers, the New Bonds issued may have a lower market price than would a comparable issue of debt securities with greater market liquidity. A reduced market value may also make the trading price of such New Bonds more volatile.

Removal of the Issuer Call Option for the Existing Bonds

There is no assurance that, following the removal of the Issuer Call Option, the Existing Bonds will continue to be recognized as regulatory capital of the Issuer and competent authorities may not consider that the removal of the Issuer Call Option will purport that the Existing Bonds will necessarily be calculated in the regulatory capital of the Issuer.

Minimum principal amount to be offered for exchange

The New Bonds will be issued in a minimum denomination of Euro 100,000 and multiples of Euro 1,000 in excess thereof. In order to be eligible to receive New Bonds pursuant to the relevant Exchange Offer, a Bondholder must validly offer to exchange such principal amount of Existing Bonds of the relevant series that, following application of the relevant Exchange Price in respect of such series of Bonds, the scaling of Offers where applicable and, in the case of the Existing Bonds denominated in Sterling, the FX Rate, will, if such offer to exchange is accepted by ISP, entitle it to receive at least Euro 100,000 in principal amount of New Bonds.

Responsibility for complying with the procedures of the Exchange Offers

Holders of Existing Bonds are responsible for complying with all of the procedures for submitting an Exchange Instruction. None of ISP, the Dealer Managers or the Exchange Agent assumes any responsibility for informing any holder of Existing Bonds of irregularities with respect to any Exchange Instruction. Non-compliance with the applicable procedures by a Bondholder could result in, among other things, an inability to validly offer Existing Bonds for exchange.

No obligation to accept offers to exchange

ISP is not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing Bonds for exchange pursuant to the Exchange Offer. Offers of Existing Bonds for exchange may be rejected in the sole discretion of ISP for any reason and ISP is not under any obligation to Bondholders to furnish any reason or justification for refusing to accept an offer of Existing Bonds for exchange. For example, offers of Existing Bonds for exchange may be rejected if the relevant Exchange Offer is terminated, if the relevant Exchange Offer does not comply with the relevant requirements of a particular jurisdiction or for any other reason.

If the amount of Existing Bonds denominated in Euro (and therefore second priority) and validly offered for exchange exceeds the Euro Acceptance Amount, Existing Bonds denominated in Euro will be accepted for exchange subject to pro-rata scaling.

Completion, termination and amendment

Until ISP announces its decision of whether to accept valid offers of Existing Bonds for exchange pursuant to the Exchange Offers, no assurance can be given that the Exchange Offers will be completed or will be completed without amendments. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. In addition, subject to applicable law and as provided in this Exchange Offer Memorandum, ISP may, in its sole discretion, extend, re-open, amend or terminate the Exchange Offers at any time before such announcements and may, in its sole discretion, waive any of the conditions to the Exchange Offers either before or after such announcement.

Future Actions in respect of the Existing Bonds

Whether or not the Exchange Offers are completed, ISP and/or its affiliates may, to the extent permitted by applicable law and regulations, including the provisions of the *Nuove disposizioni di vigilanza prudenziale per le banche* as published by the Bank of Italy Circular no. 263 of 27 December 2006, as subsequently amended and supplemented, in connection with subordinated securities, and the Existing Bonds Conditions, continue to acquire, from time to time, Existing Bonds other than pursuant to the Exchange Offers, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Exchange Offers and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Exchange Offers.

Exchange Instructions irrevocable

Exchange Instructions will be irrevocable except in the limited circumstances described in "*Amendment and Termination*".

Compliance with offer and distribution restrictions

Holders of Existing Bonds are referred to the offer and distribution restrictions in "*Offer and Distribution Restrictions*" and the agreements, acknowledgements, representations, warranties and undertakings in "*Procedures for Participating in the Exchange Offers*", which Bondholders will be deemed to make on submission of an Exchange Instruction. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

Responsibility for assessing the merits of the Exchange Offers

Each Bondholder is solely responsible for making its own independent appraisal of all matters as such Bondholder deems appropriate (including those relating to the Exchange Offers, ISP, the Existing Bonds and the New Bonds) and each Bondholder must make its own decision as to whether to offer any or all of its Existing Bonds for exchange pursuant to the Exchange Offers.

Bondholders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax or accounting consequences of participating in the Exchange Offers, and (if applicable) an investment in the New Bonds. None of ISP, the Dealer Managers, the Exchange Agent or any representative, director, officer, employee, agent or affiliate of any such person, is acting for any Bondholder, or will be responsible to any Bondholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange Offers, and accordingly none of ISP, the Dealer Managers, the Exchange Agent or any of their respective representatives, directors, employees or affiliates make any representation or recommendation whatsoever regarding the Exchange Offers, or any recommendation as to whether Bondholders should offer Existing Bonds for exchange pursuant to the Exchange Offers.

Market value and prices of the New Bonds

The issue price of the New Bonds may not reflect the market value of the New Bonds received by a Bondholder pursuant to the Exchange Offers.

Application will be made for the New Bonds to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. To the extent that the New Bonds are traded, prices of the New Bonds may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Bondholders are urged to contact their brokers to obtain the best available information as to the potential market price of the New Bonds.

ISP has not obtained or requested a fairness opinion from any banking or other firm as to the fairness to Bondholders of the consideration offered in the Exchange Offers or the relative values of the New Bonds. Any Bondholder who offers its Existing Bonds for exchange pursuant to the Exchange Offers may or may not receive more value than, or as much value as, such Bondholder would receive if it chose to keep its Existing Bonds.

Restrictions on transfer of Existing Bonds

When considering whether to participate in the Exchange Offers, Bondholders should take into account that restrictions on the transfer of Existing Bonds by Bondholders will apply from the time of submission of Exchange Instructions. A Bondholder will, on submitting an Exchange Instruction, agree that its Existing Bonds will be blocked in the relevant account in the relevant Clearing System from the date the Exchange Instruction, is submitted until the earlier of (i) the time at which the relevant Exchange Instruction is validly revoked, in the circumstances in which such revocation is permitted (including the automatic revocation of Exchange Instructions on the termination of the Exchange Offers), in accordance with the terms of the Exchange Offer, and (ii) the time of settlement on the Settlement Date.

Differences between the Existing Bonds and the New Bonds

There are a significant number of differences between the Existing Bonds Conditions and the New Bonds Conditions. Accordingly, Bondholders are advised to review the New Bonds Conditions in their entirety before making a decision whether to offer Existing Bonds for exchange.

The full terms and conditions for the New Bonds will be set out in the Prospectus and the Final Terms of the New Bonds drafts of which are attached hereto (subject to amendment and completion) (see "*Annex 1 – Draft Prospectus as of 25 October 2012*" and "*Annex 2 - Form of Final Terms for the New Bonds*"). In particular, attention is also drawn to the "*Risk Factors*" section in the Prospectus.

Conflicts of interest

ISP is the parent company of the Intesa Sanpaolo banking group which offers, through the branches of the Group's banks, also intermediary services. ISP is also the issuer of the Existing Bonds and of the New Bonds that are the subject of the Exchange Offers. Bondholders should be aware of the potential conflicts of interest that may arise as a result of

the different capacities of ISP and intermediary services in the context of the Exchange Offers that may be performed by the Group in its ordinary course of business.

Banca IMI S.p.A., one of the Dealer Managers, is a subsidiary of ISP and will receive fees from ISP in line with the fees payable to the other Dealer Managers and in respect of the services performed by it as Dealer Manager in respect of the Exchange Offers.

FURTHER INFORMATION AND TERMS AND CONDITIONS

Delivery of New Bonds and payments

If Existing Bonds validly offered for exchange pursuant to the Exchange Offers are accepted for exchange by ISP, the relevant New Bonds will be delivered, and the Accrued Interest Payments and Exchange Rounding Amounts (if applicable) will be paid, in immediately available funds, on the Settlement Date. Cash payments will be made to the Clearing System accounts in which the relevant Existing Bonds are held. New Bonds will be delivered to the Clearing System accounts in which the relevant Existing Bonds are held. The delivery of such New Bonds and payment of such aggregate amounts to the Clearing Systems, as applicable, will discharge the obligation of ISP to all Bondholders whose Existing Bonds have been accepted for exchange in respect of the delivery of the New Bonds and payment of the Accrued Interest Payments and Exchange Rounding Amounts (if applicable).

Provided ISP delivers, or has delivered on its behalf, the New Bonds, and makes, or has made on its behalf, full payment of the Accrued Interest Payments and Exchange Rounding Amounts (if applicable) for all Existing Bonds accepted for exchange pursuant to the Exchange Offers, on or before the Settlement Date, under no circumstances will any additional interest or other amounts be payable to a Bondholder because of any delay in the delivery of the New Bonds by, or transmission of funds from, the relevant Clearing System or any other intermediary with respect to such Existing Bonds of that Bondholder.

General conditions of the Exchange Offers

ISP expressly reserves the right, in its sole discretion, to delay acceptance of Existing Bonds offered for exchange pursuant to the Exchange Offers in order to comply with applicable laws. In all cases, ISP will only exchange Existing Bonds for New Bonds pursuant to the Exchange Offers after the submission of a valid Exchange Instruction, in accordance with the procedures described in "*Procedures for Participating in the Exchange Offers*". These procedures include the blocking of the Existing Bonds offered for exchange in the relevant account in the relevant Clearing System as described in "*Risk Factors and Other Considerations – Restrictions on transfer of Existing Bonds*".

ISP will at all times have the discretion to accept any Existing Bonds offered for exchange the offer of which would otherwise be invalid or, in the sole opinion of ISP, may otherwise be invalid.

ISP is not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any offer of Existing Bonds for exchange pursuant to the Exchange Offers. Offers of Existing Bonds for exchange may be rejected in the sole discretion of ISP for any reason and ISP is not under any obligation to Bondholders to furnish any reason or justification for refusing to accept an offer of Existing Bonds for exchange.

Bondholders are advised that ISP may, in its sole discretion, accept offers of Existing Bonds for exchange pursuant to the Exchange Offers on more than one date if the Exchange Offers are extended or re-opened.

The failure of any person to receive a copy of this Exchange Offer Memorandum or any announcement made or notice issued in connection with the Exchange Offers shall not invalidate any aspect of the Exchange Offers. No acknowledgement of receipt of any Exchange Instruction and/or other documents will be given by ISP or the Exchange Agent.

Announcements

Unless stated otherwise, announcements in connection with the Exchange Offers will be made by publication on the Luxembourg Stock Exchange's website at www.bourse.lu and on the Irish Stock Exchange's website at www.ise.ie where applicable. Such announcements may also be (a) made by the delivery of notices to the Clearing Systems for communication to Direct Participants and (b) made by the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum. Significant delays may be experienced where notices are delivered to the Clearing Systems and Bondholders are urged to contact the Exchange Agent for the relevant announcements during the course of the Exchange Offers. In addition, holders of Existing Bonds may contact the Dealer Managers for information using the contact details on the last page of this Exchange Offer Memorandum.

Governing law

This Exchange Offer Memorandum, the Exchange Offers, each Exchange Instruction, any exchange of Existing Bonds pursuant to the Exchange Offers and any other contractual or non-contractual obligations arising out of or in connection with the foregoing, shall be governed by and construed in accordance with English law.

By submitting an Exchange Instruction the relevant Bondholder irrevocably and unconditionally agrees for the benefit of ISP, the Dealer Managers, the Exchange Agent that the courts of England and Wales are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Exchange Offers, such Exchange Instruction, and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

TAX CONSEQUENCES

In view of the number of different jurisdictions where tax laws may apply to a Bondholder, this Exchange Offer Memorandum does not discuss the tax consequences for Bondholders arising from the exchange of the Existing Bonds for the New Bonds in the Exchange Offers, or in relation to the New Bonds, or in relation to the payment of any Accrued Interest Payment and Exchange Rounding Amount (if applicable). Each Bondholder is urged to consult its own professional advisers regarding these possible tax consequences under the laws and regulations of the jurisdictions that apply to it or to the exchange of its Existing Bonds and the receipt of the New Bonds and the Accrued Interest Payment pursuant to the Exchange Offers. Each Bondholder is liable for its own taxes and has no recourse to ISP, the Dealer Managers or the Exchange Agent or any of their affiliates with respect to taxes arising in connection with the Exchange Offers.

PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFERS

Bondholders that need assistance with respect to the procedures for participating in the Exchange Offers should contact the Exchange Agent, the contact details for which are on the last page of this Exchange Offer Memorandum.

Summary of Action to be Taken

Exchange Instructions

To offer for exchange Existing Bonds pursuant to the Exchange Offers a Bondholder should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Exchange Instruction that is received in each case by the Exchange Agent by the relevant Expiration Deadline.

Exchange Instructions must be submitted in a denomination of the Existing Bonds of the relevant series. In addition, Exchange Instructions must be submitted in respect of a principal amount of Existing Bonds of the relevant series that, following application of the relevant Exchange Price in respect of such series of Bonds, the scaling of Offers where applicable and, in the case of the Existing Bonds denominated in Sterling, the FX Rate, will, if such offer to exchange is accepted by ISP, entitle it to receive at least Euro 100,000 in principal amount of New Bonds.

Bondholders are advised to check with any broker, dealer, bank, custodian, trust company, nominee or other intermediary through which they hold Existing Bonds when such intermediary would require to receive instructions from a Bondholder in order for that Bondholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Exchange Offers before the deadlines specified in this Exchange Offer Memorandum. The deadlines set by any such intermediary and each Clearing System for the submission of Exchange Instructions will be earlier than the relevant deadlines specified in this Exchange Offer Memorandum.

Responsibility for delivery of the Exchange Instructions

- (a) *No responsibility:* None of ISP, the Dealer Managers or the Exchange Agent will be responsible for the communication of any Exchange Instruction by:
 - (i) beneficial owners to the Direct Participant through which they hold Existing Bonds; or
 - (ii) the Direct Participant to the relevant Clearing System.
- (b) *Direct Participants:* If a beneficial owner holds its Existing Bonds through a Direct Participant, such beneficial owner should contact that Direct Participant to discuss the manner in which the transmission of the Exchange Instruction and, as the case may be, transfer instructions may be made on its behalf.
- (c) *Inability to submit instructions:* In the event that the Direct Participant through which a beneficial owner holds its Existing Bonds is unable to submit an Exchange Instruction on its behalf, such beneficial owner should contact the Exchange Agent for assistance.
- (d) *Timely delivery:* Holders, Direct Participants and beneficial owners are solely responsible for arranging the timely delivery of their Exchange Instructions.
- (e) *Service fees:* If a beneficial owner offers in exchange Existing Bonds through a Direct Participant, such beneficial owner should consult with that Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offers.

Bondholders should note that:

- (i) each beneficial owner should submit (or arrange to have submitted on its behalf) a separate Exchange Instruction in respect of such beneficial owner's Existing Bonds;
- (ii) each Exchange Instruction must be in respect of one series of Existing Bonds only; and
- (iii) a beneficial owner must not submit (or arrange to have submitted on its behalf) more than one Exchange Instruction in respect of any series of Existing Bonds.

Accordingly:

- (i) where an intermediary intends to submit Exchange Instructions on behalf of multiple beneficial owners who hold their Existing Bonds through such intermediary, it must submit a separate Exchange Instruction in respect of each beneficial owner;
- (ii) if a Bondholder wishes to submit an Offer in respect of more than one series of Existing Bonds, it must submit (or arrange to have submitted on its behalf) a separate Exchange Instruction in relation to each series of Existing Bonds; and
- (iii) if a beneficial owner submits (or arranges to have submitted on its behalf) more than one Exchange Instruction in respect of its holding of a particular series of Existing Bonds, each such Exchange Instruction will be invalid, and may be rejected by ISP.

Exchange Instructions for Existing Bonds

The offer for exchange of Existing Bonds in the relevant Exchange Offer will be deemed to have occurred upon receipt by the Exchange Agent via Euroclear or Clearstream, Luxembourg, as applicable, of a valid Exchange Instruction submitted in accordance with the requirements of such Clearing System. The receipt of such Exchange Instruction by Euroclear or Clearstream, Luxembourg, as applicable, will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant Existing Bonds in the Bondholder's account at Euroclear or Clearstream, Luxembourg, as applicable, so that no transfers may be effected in relation to such Existing Bonds.

Bondholders must take the appropriate steps through Euroclear or Clearstream, Luxembourg, as applicable, so that no transfers may be effected in relation to such blocked Existing Bonds at any time after the date of submission of such Exchange Instruction, in accordance with the requirements of Euroclear or Clearstream, Luxembourg, as applicable, and the deadlines required by such Clearing System. By blocking such Existing Bonds in Euroclear or Clearstream, Luxembourg, as applicable, each Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Direct Participant's identity to the Exchange Agent (and for the Exchange Agent to provide such details to ISP and the Dealer Managers, and their respective legal advisers).

Only Direct Participants in Euroclear or Clearstream, Luxembourg may submit Exchange Instructions through Euroclear or Clearstream, Luxembourg, respectively. Each Bondholder that holds its Existing Bonds through Euroclear or Clearstream, Luxembourg but is not a Direct Participant in Euroclear or Clearstream, Luxembourg, must arrange for the Direct Participant through which it holds the relevant Existing Bonds to submit an Exchange Instruction on its behalf to Euroclear or Clearstream, Luxembourg, as applicable, by the deadlines specified by such Clearing System. Such deadlines will be earlier than the deadlines set out in this Exchange Offer Memorandum.

Revocation of Exchange Instructions

An Exchange Instruction may only be revoked by a Bondholder, or the relevant Direct Participant on its behalf, in the limited circumstances described in "*Amendment and Termination - Revocation Rights*".

Bondholders' Agreements, Acknowledgements, Representations, Warranties and Undertakings

By submitting (or arranging the submission of) a valid Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, the holder of the relevant Existing Bonds and any Direct Participant submitting such Exchange Instruction on such holder's behalf shall be deemed to agree to, acknowledge, represent, warrant and undertake to ISP, the Dealer Managers and the Exchange Agent the following at the time of submission of the relevant Exchange Instruction, on the Expiration Deadline and on the Settlement Date (if the holder of the relevant Existing Bonds or the Direct Participant is unable to give these acknowledgements, agreements, representations, warranties and undertakings, such holder or Direct Participant should contact the Exchange Agent immediately):

- (a) it has received the Exchange Offer Memorandum, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors (including the Prospectus Risk Factors and the transfer restrictions applicable to the New Bonds), New Bonds Conditions and other considerations of the Exchange Offers, all as described in this Exchange Offer Memorandum, and has undertaken an appropriate analysis of the implications of the Exchange Offers without reliance on any of ISP, the Dealer Managers or the Exchange Agent;

- (b) by blocking the relevant Existing Bonds in the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the Exchange Agent (and for the Exchange Agent to provide such details to ISP, the Dealer Managers and their respective legal advisers);
- (c) upon the terms and subject to the conditions of the relevant Exchange Offer, it offers for exchange in the relevant Exchange Offer the principal amount of Existing Bonds blocked in its account in the relevant Clearing System and, subject to and effective upon such exchange by ISP, it renounces all right, title and interest in and to all such Existing Bonds exchanged by or at the direction of ISP and waives and releases any rights or claims it may have against ISP with respect to any such Existing Bonds and the Exchange Offers;
- (d) a separate Exchange Instruction is being completed on behalf of each beneficial owner of the Existing Bonds offered for exchange;
- (e) if the Existing Bonds offered for exchange are accepted by ISP, it acknowledges that (i) any Accrued Interest Payment will be paid in Euro or in Sterling for the Existing Bonds denominated in Sterling or, in respect of any Exchange Rounding Amount, in Euro, (ii) such cash amounts will be deposited by or on behalf of ISP with the Clearing Systems on the Settlement Date and (iii) on receipt of such cash amounts, the Clearing Systems will make payments promptly to the accounts in the Clearing Systems of the relevant Direct Participants;
- (f) it agrees to ratify and confirm each and every act or thing that may be done or effected by ISP, any of its representatives or any person nominated by ISP in the proper exercise of his or her powers and/or authority hereunder;
- (g) it agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by ISP to be desirable, in each case to complete the transfer of the relevant Existing Bonds to ISP or its nominee in exchange for the relevant New Bonds and/or to perfect any of the authorities expressed to be given hereunder;
- (h) it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the Exchange Offers or which will or may result in ISP, the Dealer Managers, the Exchange Agent, or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offers;
- (i) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
- (j) none of ISP, the Dealer Managers or the Exchange Agent (other than procedural guidance), has given it any information with respect to the Exchange Offer save as expressly set out in this Exchange Offer Memorandum, nor has any of them made any recommendation to it as to whether it should offer Existing Bonds in the Exchange Offers and it has made its own decision with regard to offering Existing Bonds in the Exchange Offers based on any legal, tax or financial advice it has deemed necessary to seek;
- (k) no information has been provided to it by ISP, the Dealer Managers or the Exchange Agent, or any of their respective representatives, directors, officers or employees, with regard to the tax consequences for Bondholders arising from the exchange of Existing Bonds pursuant to the Exchange Offers for New Bonds, or in relation to the New Bonds, or the payment of any cash amount pursuant to Exchange Offers and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction in connection with the Exchange Offers (including the exchange of its Existing Bonds and the receipt pursuant to the relevant Exchange Offer of the relevant New Bonds and the Accrued Interest Payment) or in relation to the New Bonds, and it agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against ISP, the Dealer Managers, the Exchange Agent, or any of their respective representatives, directors, officers or employees, or any other person in respect of such taxes and payments;

- (l) it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offers under applicable securities laws, it has not distributed or forwarded the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offers to any such person(s) and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Exchange Instruction in respect of the Existing Bonds it is offering for exchange) complied with all laws and regulations applicable to it for the purposes of its participation in the Exchange Offers;
- (m) the New Bonds are being offered and sold in transactions not involving a public offering in the United States within the meaning of the Securities Act, and the New Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States, or for the account or benefit of U.S. Persons;
- (n) either (a) (i) it is the beneficial owner of the Existing Bonds being offered for exchange and (ii) it is located outside the United States and is participating in the relevant Exchange Offer from outside the United States and it is not a U.S. Person or (b) (i) it is acting on behalf of the beneficial owner of the Existing Bonds being offered for exchange on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is located outside the United States and is participating in the relevant Exchange Offer from outside the United States and it is not a U.S. Person;
- (o) if it is located in Italy, it is an authorised person or offering Existing Bonds for exchange through an authorised person (such as an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 58 of 24 February 1998, as amended, *Commissione Nazionale per le Società e la Borsa* (CONSOB) Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority;
- (p) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, (i) it is a person falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order) or with Article 43 of the Financial Promotion Order or to whom this Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers may otherwise lawfully be communicated in accordance with the Financial Promotion Order and (ii) if it were a client of ISP it would be eligible to be categorized (pursuant to the FSA rules) as a professional client or an eligible counterparty, and not a retail client (but it acknowledges that it will not be treated as a client of ISP by virtue of its participation in the relevant Exchange Offer);
- (q) it is not located or resident in France or, if it is located or resident in France, it is a (i) provider of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investor (*investisseur qualifié*) other than an individual (as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-4 of the French *Code Monétaire et Financier*), acting on its own account;
- (r) it is not located or resident in Belgium or, if it is located or resident in Belgium, it is a qualified investor, in the sense of Article 10 of the Belgian Public Offer Law, acting on its own account;
- (s) it has full power and authority to offer for exchange and transfer the Existing Bonds offered for exchange and, if such Existing Bonds are accepted for exchange by ISP, such Existing Bonds will be transferred to, or to the order of, ISP with full title free from all liens, charges, encumbrances and rights of set-off, not subject to any adverse claim and together with all rights attached to such Existing Bonds, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by ISP to be necessary or desirable to complete the transfer and cancellation of such Existing Bonds or to evidence such power and authority;
- (t) it holds and will hold, until the earlier of (i) the time at which the Exchange Instruction is validly revoked, in the circumstances in which such revocation is permitted, in accordance with the terms of the relevant Exchange Offer or (ii) the time of settlement on the Settlement Date, the Existing Bonds blocked in the relevant Clearing System and, in accordance with the requirements of, and by the deadline required by, such Clearing System, it has submitted, or has caused to be submitted, an Exchange Instruction to such Clearing System to authorise the blocking of the Existing Bonds offered for exchange with effect on and from the date of such submission so that,

at any time pending the transfer of such Existing Bonds on the Settlement Date to ISP, or to its agent on its behalf, no transfers of such Existing Bonds may be effected;

- (u) the terms and conditions of the relevant Exchange Offer shall be deemed to be incorporated in, and form a part of, the Exchange Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such Bondholder in the Exchange Instruction is true and will be true in all respects at the time of the exchange on the Settlement Date;
- (v) it shall indemnify ISP, the Dealer Managers and the Exchange Agent against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the agreements, representations, warranties and/or undertakings given in connection with the Exchange Offers by any such Bondholder; and
- (w) it accepts ISP is under no obligation to accept offers of Existing Bonds for exchange pursuant to the relevant Exchange Offer, and accordingly such offers may be accepted or rejected by ISP in its sole discretion and for any reason.

The submission of an Exchange Instruction will constitute an irrevocable undertaking by the Bondholder to take any necessary action to deliver or cause to have delivered all of the Existing Bonds that the relevant Bondholder has offered for exchange which have been accepted for exchange by ISP, subject to the automatic withdrawal of those instructions on the date of any termination of the relevant Exchange Offer (including where the relevant Existing Bonds are not accepted for exchange by ISP) or on the valid revocation of such Exchange Instruction, in the circumstances in which such revocation is permitted as set out in this Exchange Offer Memorandum, and subject to acceptance of the Exchange Offer by ISP and all other conditions of the relevant Exchange Offer.

General

Separate Exchange Instructions

A separate Exchange Instruction must be completed on behalf of each beneficial owner and on behalf of each series of Existing Bonds.

Exchange Instructions must be submitted in a denomination of the Existing Bonds of the relevant series. In addition, Exchange Instructions must be submitted in respect of a principal amount of Existing Bonds of the relevant series as will, if accepted in the relevant Exchange Offer, entitle it to receive at least the minimum denomination Eur 100,000 of New Bonds.

Instructions other than in accordance with the procedures set out in this section will not be accepted

ISP will only accept offers of Existing Bonds for exchange in the Exchange Offers, and Bondholders may only otherwise participate in the Exchange Offers, by way of the submission of valid Exchange Instructions in accordance with the procedures set out in this section "*Procedures for Participating in the Exchange Offers*".

Revocation of Exchange Instructions

Exchange Instructions will be irrevocable except in the limited circumstances described in "*Amendment and Termination*".

Irregularities

All questions as to the validity, form, eligibility and valid revocation (including times of receipt) of any Exchange Instruction will be determined by ISP in its sole discretion, which determination shall be final and binding.

ISP reserves the absolute right to reject any and all Exchange Instructions or revocation instructions not in proper form or for which any corresponding agreement by ISP to accept would, in the opinion of ISP and its legal advisers, be unlawful. ISP also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Exchange Instructions or revocation instructions. ISP also reserves the absolute right to waive any such defect, irregularity or delay in respect of particular offers of Existing Bonds for exchange, whether or not ISP elects to waive similar defects, irregularities or any delay in respect of any other offers of Existing Bonds for exchange.

Any defect, irregularity or delay must be cured within such time as ISP determines, unless waived by it. Exchange Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. None of ISP, the Dealer Managers or the Exchange Agent shall be under any duty to give notice to a Bondholder of any defects, irregularities or delays in an Exchange Instruction or revocation instruction, nor shall any of them incur any liability for failure to give such notice.

AMENDMENT AND TERMINATION

Amendment and termination

Notwithstanding any other provision of the Exchange Offers, ISP may, subject to applicable laws, at its option and in its sole discretion, at any time before any acceptance by it of the Existing Bonds offered for exchange pursuant to the Exchange Offers:

- (a) extend the Expiration Deadline for, or re-open, the Exchange Offers (in which case all references in this Exchange Offer Memorandum to "Expiration Deadline" shall for the purposes of such Exchange Offer(s) unless the context otherwise requires, be to the latest time and date to which the Expiration Deadline has been so extended or the Exchange Offer(s) re-opened);
- (b) otherwise extend, re-open or amend the Exchange Offer in any respect (including, but not limited to, any increase, decrease, extension, re-opening or amendment, as applicable, in relation to the Expiration Deadline, Settlement Date, Exchange Price and the terms of the New Bonds);
- (c) delay the acceptance of Exchange Instructions or exchange of Existing Bonds validly submitted for exchange in the Exchange Offers until satisfaction or waiver of the conditions to the Exchange Offers, even if the Exchange Offers have expired; or
- (d) terminate the Exchange Offers or either of them, including with respect to Exchange Instructions submitted before the time of such termination.

ISP also reserves the right at any time to waive any or all of the conditions of the Exchange Offers or either of them as set out in this Exchange Offer Memorandum.

ISP will ensure an announcement is made in respect of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after the relevant decision is made. To the extent a decision is made to waive any condition of the Exchange Offers or either of them (as opposed to in respect of certain Exchange Instructions), ISP will also make an announcement in respect of such decision as soon as is reasonably practicable after it is made. See *"Further Information and Terms and Conditions – Announcements"*.

Revocation Rights

If ISP amends the Exchange Offers in any way (including by way of the making of any announcement, or the issue of any supplement or other form of update to this Exchange Offer Memorandum, in which any material development is disclosed, which announcement, supplement or other form of update is made or published before any acceptance by ISP of the Exchange Instructions) that, in the sole opinion of ISP (after consultation with the Dealer Managers) is materially prejudicial to Bondholders that have already submitted Exchange Instructions, before the announcement of such amendment (which announcement shall include a statement that in the opinion of ISP such amendment is (or may be) materially prejudicial to such Bondholders), then such Exchange Instructions, may be revoked at any time from the date and time of the first announcement of such development until 5.00 p.m. (CET) on the second Business Day following such announcement (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Bondholders hold their Existing Bonds).

Any extension or re-opening of the Exchange Offers (including any amendment in relation to the Expiration Deadline and/or the Settlement Date) in accordance with the terms of the Exchange Offers as described in this section *"Amendment and Termination"* shall not be considered materially prejudicial to Bondholders that have already submitted Exchange Instructions before the announcement of such amendment, provided the settlement of the Exchange Offers following such extension or re-opening will be completed by ISP by no later than 30 November 2012.

The publication of the Prospectus as well as any amendment to the draft Prospectus (attached as Annex 1 hereto) will not be considered per se materially prejudicial to Bondholders and, accordingly, will not grant per se the right to revoke any Exchange Instruction that has already been submitted. Any event concerning the Issuer as well as any amendment to the draft Prospectus will be subject to a materiality assessment by the Issuer itself.

Bondholders wishing to exercise any right of revocation as set out above should do so in accordance with the procedures set out in *"Procedures for Participating in the Exchange Offers"*. Beneficial owners of Existing Bonds that are held through an intermediary are advised to check with such entity when it would need to receive instructions to

revoke an Exchange Instruction in order to meet the above deadline. For the avoidance of doubt, any Bondholder who does not exercise any such right of revocation in the circumstances and in the manner specified above, shall be deemed to have waived such right of revocation and its original Exchange Instruction will remain effective.

DEALER MANAGERS AND AGENTS

ISP has retained Banca IMI S.p.A., Deutsche Bank AG, London Branch, Merrill Lynch International, Natixis and UBS Limited to act as Dealer Managers for the Exchange Offers and Lucid Issuer Services Limited to act as Exchange Agent. ISP has entered into a Dealer Manager Agreement with the Dealer Managers which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Exchange Offers.

For the purposes of the settlement of the Exchange Offers on the Settlement Date, the Exchange Agent, in consultation with ISP and the Dealer Managers, will calculate the Accrued Interest Payment and the Exchange Rounding Amounts (if applicable) for each Bondholder in respect of the Existing Bonds accepted for exchange from such Bondholder by ISP. The calculation made by the Exchange Agent of the Accrued Interest Payment and Exchange Rounding Amounts (if applicable) will be provided by the Exchange Agent to ISP.

The Dealer Managers and their respective affiliates may contact Bondholders regarding the Exchange Offers, and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Exchange Offer Memorandum and related materials to Bondholders, all subject to and in accordance with applicable law and regulation.

The Dealer Managers and their respective affiliates have provided and continue to provide certain investment banking services to ISP for which they have received and will receive compensation that is customary for services of such nature.

The Dealer Managers and/or their affiliates may have a holding in, or may from time to time provide advice or other investment services in relation to, or engage in transactions involving, the Existing Bonds. Further, each Dealer Manager may (i) submit Exchange Instructions for its own account and (ii) submit Exchange Instructions (subject to the offer restrictions set out in "*Offer and Distribution Restrictions*") on behalf of other Bondholders.

None of the Dealer Managers, the Exchange Agent and any of their respective directors, officers, employees, agents or affiliates assume any responsibility for the accuracy or completeness of the information concerning the Exchange Offers, ISP, any of its affiliates or the Existing Bonds contained in this Exchange Offer Memorandum or for any failure by ISP to disclose events that may have occurred and may affect the significance or accuracy of such information.

None of ISP, the Dealer Managers, the Exchange Agent and any director, officer, employee, agent or affiliate of any such person, is acting for any Bondholder, or will be responsible to any Bondholder for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange Offers, and accordingly none of ISP, the Dealer Managers, the Exchange Agent and any of their respective directors, officers, employees, agents or affiliates expresses any view on the merits of, or makes any representation or recommendation whatsoever regarding the Exchange Offers or any recommendation as to whether Bondholders should offer in exchange Existing Bonds in the Exchange Offers.

The Exchange Agent is agent of ISP and owes no duty to any holder of Existing Bonds.

ANNEX 1

**DRAFT PROSPECTUS AS OF 25 OCTOBER 2012 (SUBJECT TO COMPLETION AND AMENDMENT
AND APPROVAL BY THE COMPETENT AUTHORITY IN LUXEMBOURG BEING THE CSSF)**

PROSPECTUS



INTESA SANPAOLO S.p.A.

(incorporated as a società per azioni in the Republic of Italy)

as Issuer and, in respect of Notes issued by Intesa

Sanpaolo Bank Ireland p.l.c. and Société Européenne de Banque S.A., as Guarantor (where indicated in the relevant Final Terms)

and

INTESA SANPAOLO BANK IRELAND p.l.c.

(incorporated with limited liability in Ireland under registered number 125216)

as Issuer

and

SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.

(incorporated as a public limited liability company (société anonyme) in the Grand Duchy of Luxembourg and registered with the register of trade and companies of Luxembourg under number B13859)

as Issuer

€70,000,000,000

Euro Medium Term Note Programme

Under the €70,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this prospectus (the "**Prospectus**"), Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"), Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") and Société Européenne de Banque S.A. ("**SEB**") (together, the "**Issuers**" and, each of them, an "**Issuer**") may issue notes ("**Notes**") on a continuing basis to one or more of the Dealers named on page [•] and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"). References in this Prospectus to the "**relevant Dealer**" shall be, in the case of an issue of Notes to more than one Dealer, to the lead manager of such issue and, in the case of an issue of Notes to one Dealer, to such Dealer.

The Notes will be constituted by an amended and restated trust deed dated [•], 2012 (as amended, supplemented and/or restated from time to time, the "**Trust Deed**") between the Issuers and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**"). The payments of all amounts due in respect of the Notes issued by INSPIRE and SEB ("**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by Intesa Sanpaolo pursuant to the Trust Deed and the relevant Deed of Guarantee (as defined herein).

Pursuant to the Programme, the Issuers may issue Notes denominated in any currency agreed with the relevant Dealer. The minimum denomination of all Notes issued under the Programme shall be €100,000 and integral multiples of €1,000 in excess thereof (or its equivalent in any other currency as at the date of issue of the Notes). The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €70,000,000,000 (or its equivalent in other currencies calculated as described herein).

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors**" on page [•].**

This Prospectus has been approved as a base prospectus issued in compliance with Directive 2003/71/EC (as amended) (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EU. Application has been made by the Issuers for Notes during the period of twelve months after the date hereof to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. In addition, pursuant to Article 18 of the Prospectus Directive, the Issuers have requested the CSSF to issue a certificate of approval of this Prospectus, together with a copy of this Prospectus, to the Central Bank of Ireland in its capacity as competent authority in Ireland. Under the Luxembourg law of 10th July, 2005, as amended by the Luxembourg law of 3rd July, 2012, which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law. The *Commission de Surveillance du Secteur Financier* (the "**CSSF**") assumes no responsibility with regards to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer.

The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer. Notes issued pursuant to the Programme may also be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, www.esma.europa.eu/page/Listregistered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the CRA Regulation.

Joint Arrangers

**Banca IMI
Deutsche Bank**
Dealers

**Banca IMI
BNP PARIBAS
Citigroup
Crédit Agricole CIB
Deutsche Bank
Goldman Sachs International
Intesa Sanpaolo S.p.A.
Morgan Stanley
The Royal Bank of Scotland**

**Barclays Capital
BofA Merrill Lynch
Commerzbank
Credit Suisse
Dexia Crediop S.p.A.
HSBC
J.P. Morgan
Natixis**

Société Générale Corporate & Investment Banking

UBS Investment Bank

The date of this Prospectus is [•], 2012

This Prospectus comprises a base prospectus for each Issuer for the purposes of Article 5.4 of the Prospectus Directive.

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice.

Intesa Sanpaolo, INSPIRE and SEB accept responsibility for the information contained in this document. To the best of the knowledge of each of Intesa Sanpaolo, INSPIRE and SEB, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the second paragraph above. Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with the issue of any Tranche of Notes are the persons named in the applicable Final Terms as the relevant Dealer(s).

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

This Prospectus should be read and construed together with any supplements hereto and with any other information incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

Intesa Sanpaolo, INSPIRE and SEB have confirmed to the Dealers that this Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Prospectus does not omit to state any material fact necessary to make such information,

opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Programme or any information supplied by Intesa Sanpaolo, INSPIRE and SEB or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by Intesa Sanpaolo, INSPIRE, SEB, the Trustee or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers or any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of Intesa Sanpaolo, INSPIRE, SEB and Intesa Sanpaolo's other consolidated subsidiaries (the "**Intesa Sanpaolo Group**") since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms comes are required by each of Intesa Sanpaolo, INSPIRE, SEB and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, neither the Notes nor the guarantee thereof have been or will be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are both subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Notes may be offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**").

Neither this Prospectus nor any Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and neither should they be considered as a recommendation by Intesa Sanpaolo, INSPIRE, SEB, the Trustee, the Dealers or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Intesa Sanpaolo, INSPIRE, SEB and the Intesa Sanpaolo Group.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed €70,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement as

defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

This Prospectus has been prepared on the basis that, except to the extent that sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuers or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuers have consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuers nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

In this Prospectus, references to "**U.S.**" or "**USD**" are to United States dollars, references to "**STG**" or "**£**" are to the lawful currency of the United Kingdom and references to "**EUR**", "**euro**", "**euros**" or "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3rd May, 1998 on the introduction of the euro, as amended. References to a "regulated market" have the meaning given to that expression by Article 14 of the Markets in Financial Instruments Directive 2004/39/EC.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must

end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

CERTAIN DEFINITIONS

Intesa Sanpaolo is the surviving entity from the merger between Banca Intesa S.p.A. and Sanpaolo IMI S.p.A., which was completed with effect from 1st January, 2007. Pursuant to the merger, Sanpaolo IMI S.p.A. merged by incorporation into Banca Intesa S.p.A. which, upon completion of the merger, changed its name to Intesa Sanpaolo S.p.A. Accordingly, in this Prospectus:

- (i) references to "**Intesa Sanpaolo**" are to Intesa Sanpaolo S.p.A. in respect of the period since 1st January, 2007 and references to the "**Intesa Sanpaolo Group**" are to Intesa Sanpaolo and its subsidiaries in respect of the same period;
- (ii) references to "**Banca Intesa**" or "**Intesa**" are to Banca Intesa S.p.A. in respect of the period prior to 1st January, 2007 and references to the "**Banca Intesa Group**" are to Banca Intesa and its subsidiaries in respect of the same period; and
- (iii) references to "**Sanpaolo IMI**" are to Sanpaolo IMI S.p.A. in respect of the period from 1st January, 2007 and references to the "**Sanpaolo IMI Group**" are to Sanpaolo IMI and its subsidiaries in respect of the same period.

CONTENTS

RISK FACTORS	1
GENERAL DESCRIPTION OF THE PROGRAMME	21
INFORMATION INCORPORATED BY REFERENCE	33
FURTHER PROSPECTUSES AND SUPPLEMENTS	36
FORMS OF THE NOTES	37
TERMS AND CONDITIONS OF THE NOTES	43
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	87
FORM OF FINAL TERMS	89
DESCRIPTION OF INTESA SANPAOLO S.p.A.	107
OVERVIEW OF THE FINANCIAL INFORMATION OF THE INTESA SANPAOLO GROUP	130
DESCRIPTION OF INTESA SANPAOLO BANK IRELAND p.l.c.	139
OVERVIEW OF THE FINANCIAL INFORMATION RELATING TO INTESA SANPAOLO BANK IRELAND p.l.c.	142
DESCRIPTION OF SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.	146
OVERVIEW OF THE STATEMENTS OF FINANCIAL POSITION RELATING TO SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.	149
TAXATION	153
SUBSCRIPTION AND SALE	182
GENERAL INFORMATION	187
ANNEX 1	193

RISK FACTORS

The Issuers believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers based on information currently available to them or which they may not currently be able to anticipate. Accordingly, the Issuers do not represent that the statements below regarding the risk of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meaning in this section. Prospective investors should read the entire Prospectus.

Factors that may affect the Issuers' ability to fulfil their obligations under Notes issued under the Programme

Risk management

The Intesa Sanpaolo Group attaches great importance to risk management and control as conditions to ensure reliable and sustainable value creation in a context of controlled risk, where capital adequacy, earnings stability, liquidity and strong reputation are key to protecting current and prospective profitability.

The basic principles of risk management and control are: clear identification of responsibility for acceptance of risk, measurement and control systems in line with international best practices and organisational separation between the functions that carry out day-to-day operations and those that carry out controls.

The policies relating to the acceptance of risks are defined by the Supervisory Board and the Management Board of the parent company Intesa Sanpaolo S.p.A., with support from specific operating Committees, the most important of which is the Control Committee, and from the Group Risk Committee and Chief Risk Officer, reporting directly to the Chief Executive Officer.

Intesa Sanpaolo S.p.A. is in charge of overall direction, management and control of risks, whereas the Intesa Sanpaolo Group companies that generate credit and/or financial risks have their own control structures and operate within the assigned autonomy limits. For the main Intesa Sanpaolo Group subsidiaries, these functions are performed, on the basis of an outsourcing contract, by the parent company's risk control functions, which periodically report to the Board of Directors and the Audit Committee of the subsidiary.

The risk measurement and management tools together define a risk-monitoring framework at the Intesa Sanpaolo Group level, capable of assessing the risks assumed by the Intesa Sanpaolo Group from a regulatory and economic point of view. The level of absorption of economic capital, defined as the maximum "unexpected" loss the Intesa Sanpaolo Group might incur over a year, is a key measure for determining the Intesa Sanpaolo Group's financial structure, risk appetite and for guiding operations, ensuring a balance between risks assumed and shareholder returns. It is estimated on the basis of the current situation and also as a forecast, based on the budget assumptions and projected economic scenario under ordinary and stress conditions. The assessment of capital is included in business reporting and is submitted quarterly to the Group Risk Committee, the Management Board and the Control Committee, as part of the Intesa Sanpaolo Group's Risks *Tableau de Bord*.

Risk hedging, given the nature, frequency and potential impact of the risk, is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

As part of Basel II Project, the goal of which is for the main Intesa Sanpaolo Group companies to adopt advanced approaches, relating to credit risk, the Supervisory Authority granted permission to use the AIRB approach for the Corporate segment (extended to Specialised Lending segment since 30 June 2012) and the internal rating base approach for the Retail Mortgages segment on a scope of companies being part of the Intesa Sanpaolo Group (including the parent company and most of the banks being part of the network and Italian and foreign companies).

The Intesa Sanpaolo Group is proceeding with development of the rating models for the other business segments and the extension of the scope of companies for their application in accordance with the gradual roll-out plan for the advanced approaches presented to the supervisory authority.

Regarding operational risk, as of 31st December, 2009, Intesa Sanpaolo Group was authorised by the Bank of Italy to use the advanced measurement approaches to determine capital requirements for operational risk with respect to an initial scope of banks and companies. The Intesa Sanpaolo Group was then authorised to extend advanced approaches to a second and third set of companies. The remaining Intesa Sanpaolo Group companies that currently use the standardised approach are expected to gradually migrate to the advanced measurement approaches based on the roll-out plan submitted to management and presented to supervisory authorities.

Credit Risk

Credit risk is the risk of losses due to the failure on the part of the Intesa Sanpaolo Group's counterparties (customers) to meet their payment obligations to the Intesa Sanpaolo Group. Credit risk refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved and undrawn credits, as well as counter-party risk arising through derivatives and foreign exchange contracts. Credit risk also consists of concentration risk, country risk and residual risks, both from securitisations and uncertainty regarding credit recovery rates. Credit risk represents the chief risk category for the Intesa Sanpaolo Group.

Intesa Sanpaolo has developed a set of instruments which ensures analytical control over the quality of the loans to customers and financial institutions, and loans subject to country risk.

Risk measurement uses rating models that are differentiated according to the borrower's segment (corporate, small business, mortgage loans, personal loans, sovereigns, Italian public sector entities, financial institutions). These models make it possible to summarise the credit quality of the counterparty in a measurement (the rating), which reflects the probability of default over a period of one year, adjusted on the basis of the average level of the economic cycle. In case of default, internal rating of loss given default ("**LGD**") model measures losses on each facility, including any downturn effect related to the economic cycle.

Ratings and mitigating credit factors (guarantees, technical forms and covenants) play a fundamental role in the entire loan granting and monitoring process: they are used to set credit strategies and loan granting and monitoring rules as well as to determine decision-making powers.

With specific reference to the retail mortgage segment, Intesa Sanpaolo received during the first half of 2010 the authorisation from the Bank of Italy to use the "Internal Rating Base" model.

The main characteristics of the probability of default ("**PD**") and LGD models for corporate and retail mortgages, which are validated for Basel II advanced approaches, are the following:

- PD model
 - Corporate segment models are based on financial, behavioural and qualitative data of the customers. They are differentiated according to the market in question (domestic or international) and the size bracket of the company. Specific models are implemented for specialised lending (real estate development initiatives and project finance transactions).
 - The Intesa Sanpaolo Group model for the retail mortgages segment, adopted in late 2008, processes information relating to both the customer and the contract. It differentiates between initial disbursement, where the application model is used, and the subsequent assessment during the lifetime of the mortgage (behavioural model), which takes into account behavioural information.

- LGD model

The LGD is determined on the basis of the actual recoveries achieved during the management of disputes, taking into account the (direct and indirect) costs and the recovery period, as required by the regulation. Each model has been developed on the basis of a workout approach, analysing the losses suffered by the Intesa Sanpaolo Group on historical defaults.

The LGD models, for which advanced internal rating base method has been approved, are:

- Residential Mortgages;
- Corporate (these models are based on different types of financial assets: Banking authorized from the Bank of Italy in March 2011, Leasing and Factoring, authorized in July 2012).

Concerning the SME Retail LGD model, an application to use the "Internal Rating Base" model has been submitted for the Bank of Italy authorization in October 2012.

Country risk

Assessment of creditworthiness of countries and their respective sovereigns is based on an internal country rating model which is used every six months to update the rating of over 260 countries. This model is based primarily on a quantitative analysis of the ratings issued by the main rating agencies (Moody's, Standard & Poor's Ratings Services and Fitch Ratings Limited), the perception of country risk by the international financial markets (the Moody's Market Implied Rating) and the main macroeconomic indicators for countries considered strategic for Intesa Sanpaolo. The analysis also involves the qualitative judgment of the rating committee of Intesa Sanpaolo, whose members bring into the discussion the more recent economic and political news using their experience to convey them into a more accurate final rating.

Market Risks

Market risk trading book

Market risk arises as a consequence of the Intesa Sanpaolo Group's trading and its open positions in the foreign exchange, interest rate and capital markets. The risk is derived from the fluctuation in the value of listed financial instruments whose value is linked to market variables. Market risk in the trading portfolio arises through trading activities in the interest rate, bonds, credit derivatives, commodities, foreign exchange and equity markets. Market risk in the banking portfolio arises from differences in fixed-rate periods.

The quantification of trading risks is based on daily value at risk ("**VaR**") of the trading portfolios of Intesa Sanpaolo and the subsidiary Banca IMI S.p.A., which represent the main portion of the Intesa Sanpaolo Group's market risks, to adverse market movements of the following risk factors:

- interest rates;
- equity and market indexes;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps (CDS);
- spreads in bond issues;
- correlation instruments;
- dividend derivatives;
- asset-backed securities (ABS);

– commodities.

A number of the other Intesa Sanpaolo Group subsidiaries hold smaller trading portfolios with a marginal risk (around 5 per cent. of the Intesa Sanpaolo Group's overall risk). In particular, the risk factors of the international subsidiaries' trading books were interest rates and foreign exchange rates, both relating to linear pay-offs. For some of the risk factors indicated above, the supervisory authority has validated the internal models for the reporting of the capital absorptions of both Intesa Sanpaolo and Banca IMI S.p.A. In particular, the validated risk profiles for market risks are: (i) generic and specific risk on debt securities and on equities for Intesa Sanpaolo and Banca IMI S.p.A., (ii) position risk on quotas of funds underlying CPPI (Constant Proportion Portfolio Insurance) products for Banca IMI S.p.A., (iii) position risk on dividend derivatives, and (iv) position risk on commodities for Banca IMI S.p.A., the only legal entity in the Intesa Sanpaolo Group authorised to hold open positions in commodities. According to the "Basel 2.5" framework, Stressed VaR and Incremental Risk Charge are in place as further regulatory requirements. Since VaR is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures, in particular simulation measures for the quantification of risks from illiquid parameters (dividends, correlation, ABS, hedge funds). VaR estimates are calculated daily based on simulations of historical time-series, a 99 per cent. confidence level and 1-day holding period.

Market risk banking book

Market risk originated by the banking book arises primarily in Intesa Sanpaolo and in the main subsidiaries that carry out retail and corporate banking. The banking book also includes exposure to market risks deriving from the equity investments in listed companies not fully consolidated, mostly held by the parent company and by the subsidiaries Equiter, IMI Investimenti and Private Equity International.

The methods used to measure market risks of the Intesa Sanpaolo Group's banking book are (i) VaR, and (ii) sensitivity analysis. VaR is calculated as the maximum potential loss in the portfolio's market value that could be recorded over a ten day holding period with a statistical 99 per cent. confidence level (parametric VaR). Besides measuring the equity portfolio, VaR is also used to consolidate exposure to financial risks of the various Intesa Sanpaolo Group companies which perform banking book activities, thereby taking into account diversification benefits.

Shift sensitivity analysis quantifies the change in value of a financial portfolio resulting from adverse movements in the main risk factors (interest rate, foreign exchange, equity). For interest rate risk, an adverse movement is defined as a parallel and uniform shift of ± 100 basis points of the interest rate curve. The measurements include an estimate of the prepayment effect and of the risk originated by customer sight loans and deposits, whose features of stability and of partial and delayed reaction to interest rate fluctuations have been studied by analysing a large collection of historical data, obtaining a maturity representation model through equivalent deposits. Equity risk sensitivity is measured as the impact of a price shock of ± 10 per cent.

Furthermore, the sensitivity of the interest margin is measured by quantifying the impact on net interest income of a parallel and instantaneous shock in the interest rate curve of ± 100 basis points, over a period of 12 months. Hedging activity of interest rate risk is aimed (i) at protecting the banking book from variations in the fair value of loans and deposits due to

movements in the interest rate curve or (ii) at reducing the volatility of future cash flows related to a particular asset/liability.

The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross currency swaps (CCS) and options on interest rates stipulated by Intesa Sanpaolo with third parties or with other Intesa Sanpaolo Group companies (e.g. Banca IMI S.p.A.), which, in turn, cover the risk in the market so that the hedging transactions meet the criteria to qualify as IAS compliant for consolidated financial statements. Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first method refers to the fair value hedge of specifically identified assets and liabilities (microhedging), mainly consisting of bonds issued or acquired by the Intesa Sanpaolo Group companies and loans to customers. Moreover, macro-hedging is carried out on the stable portion of on demand deposits in order to hedge against fair value changes intrinsic to the instalments under accrual generated by floating rate operations. Intesa Sanpaolo is exposed to this risk in the period from the date on which the rate is set and the interest payment date. Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on variable rate funding to the extent that the latter finances fixed-rate investments (macro cash flow hedge).

The risk management department is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting, in compliance with international accounting standards.

Foreign exchange risk

Currency risk positions are taken in both trading and non-trading books. As with market risk, the currency risk in the trading books is controlled using VaR limits (see the methodological approach described above), while the structural currency risk in the non-trading books is mitigated by the practice of raising funds in the same currency as the assets.

Issuer and counterparty risk

Issuer risk in the trading portfolio is analysed in terms of mark to market, by aggregating exposures in rating classes and is monitored using a system of operating limits based on both rating classes and concentration indices. A limit at legal entity level (for Intesa Sanpaolo and Banca IMI S.p.A.) is also defined and monitored in terms of Incremental Risk Charge (Credit VaR calculated over a one year time horizon at a confidence level of 99.9 per cent. on bonds, single name CDS and index CDS relating to the issuer trading book portfolio of each bank). Counterparty risk, measured in terms of substitution cost, is monitored both in terms of individual and aggregate exposures by the credit department. In order for risk to be managed effectively within Intesa Sanpaolo, the risk measurement system must be integrated into decision-making processes and the management of company operations. To that end, in accordance with the "use test" requirement of Basel 2, a specific project has been set up aimed at obtaining the estimate, also for regulatory purposes, of the statistical measures that enable the analysis of the evolution of the risk of the derivatives over time.

Specifically, the following measures were defined:

- PFE (potential future exposure): evolution over time of the credit exposure (i.e. positive mark-to-market) with a 95% confidence level; this is a prudent measure used for credit monitoring purposes. PFE calculated for each counterparty is calculated

every day by risk management calculation engine and sent to credit monitoring engine.

- EPE (expected positive exposure): weighted average for the expected time of the credit exposure, where the weightings are the portions that each time step represents of the entire time period. This is a regulatory measure.

Liquidity risk

Liquidity risk is defined as the risk that the Intesa Sanpaolo Group is not able to meet its payment obligations when they fall due (funding liquidity risk). Normally, the Intesa Sanpaolo Group is able to cover cash outflows through cash inflows, liquid assets and its ability to obtain credit. With regard to the liquid assets in particular, there may be strains in the market that make them difficult (or even impossible) to sell or be used as collateral in exchange for funds. From this perspective, the bank's liquidity risk is closely tied to the market liquidity conditions (market liquidity risk).

The guidelines for liquidity risk management adopted by the Intesa Sanpaolo Group outline the set of principles, methodologies, regulations and control processes required to prevent the occurrence of a liquidity crisis and call for the Intesa Sanpaolo Group to develop prudential approaches to liquidity management, making it possible to maintain the overall risk profile at extremely low levels.

Operational risk

Operational risk is defined as the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risk includes legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or out-of-contract responsibilities or other disputes (excluding strategic and reputational risks).

The Intesa Sanpaolo Group has long defined the overall operational risk management framework by setting up a policy and organisational process for measuring, managing and controlling operational risk.

The control of operational risk was attributed to the management board, which identifies risk management policies, and to the supervisory board, which is in charge of their approval and verification, as well as of the guarantee of the functionality, efficiency and effectiveness of the risk management and control system.

The tasks with which the Intesa Sanpaolo Group compliance and operational risk committee is charged include periodically reviewing the Intesa Sanpaolo Group's overall operational risk profile, authorising any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activities and approving operational risk transfer strategies.

The Intesa Sanpaolo Group has a centralised function within the risk management department for the management of the Intesa Sanpaolo Group's operational risk. This function is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to top management.

In compliance with current requirements, the individual organisational units are responsible for identifying, assessing, managing and mitigating their own operational risks. Specific officers and departments have been identified within these business units to be responsible for operational risk management (structured collection of information relative to operational events, scenario analyses and business environment evaluation).

The integrated self-assessment process, which has been conducted on an annual basis, has allowed the Intesa Sanpaolo Group to:

- identify, measure, monitor and mitigate operational risk; and
- create significant synergies with the specialised functions of the organisation and security department that supervise the planning of operational processes and business continuity issues and with the internal control functions (in particular compliance and internal auditing) that supervise specific regulations and issues (such as Legislative Decree No. 231/05, Law 262/05) or conduct tests of the effectiveness of controls of company processes.

The internal model for calculating capital absorption is conceived in such a way as to combine all the main sources of quantitative and qualitative information (self-assessment).

The quantitative component is based on an analysis of historical data concerning internal events (recorded by organisational units, appropriately verified by the central function and managed by a dedicated IT system) and external events (the *Operational Riskdata exchange Association*).

The qualitative component (scenario analysis) focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured, organised collection of subjective estimates expressed directly by management (subsidiaries, parent company's business areas, the corporate centre) with the objective of assessing the potential economic impact of particularly serious operational events. Capital-at-risk is therefore identified as the minimum amount at the Intesa Sanpaolo Group level required to bear the maximum potential loss (worst loss); capital-at-risk is estimated using a "Loss Distribution Approach" model (actuarial statistical model to calculate the VaR of operational losses), applied on quantitative data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90 per cent; the methodology also applies a corrective factor, which derives from the qualitative analyses of the risk of the evaluation of the business environment, to take account of the effectiveness of internal controls in the various organisational units.

Monitoring of operational risks is performed by an integrated reporting system, which provides management with the information necessary for the management and/or mitigation of the operational risk.

In order to support the operational risk management process on a continuous basis, a structured training programme has been fully implemented for employees actively involved in the process of managing and mitigating operational risk.

Strategic Risk

Strategic risk is defined as the risk associated with a potential decrease in profits or capital due to changes in the operating environment of the Intesa Sanpaolo Group, misguided Intesa Sanpaolo Group decisions, inadequate implementation of decisions, or an inability to sufficiently react to competitive forces. The Intesa Sanpaolo Group is able to mitigate strategic risk by following the implemented policies and procedures that place strategic decision making responsibility with the supervisory board and management board, who are supported by the Intesa Sanpaolo Group's departments and committees.

Reputational Risk

Reputational risk is defined as the current and prospective risk of a decrease in profits or capital due to a negative perception of Intesa Sanpaolo's image by customers, counterparties, shareholders, investors and supervisory authorities. Reputational damage could affect all business areas, independent of where in the Intesa Sanpaolo Group the original incident occurred. The Intesa Sanpaolo Group's reputation could also be harmed by negative events in other institutions if the market considers the Intesa Sanpaolo Group to be in the same or similar category of institution. The Intesa Sanpaolo Group has adopted and published a code of ethics that sets out the values and principles that the Intesa Sanpaolo Group intends to follow in its dealings with all stakeholders (customers, employees, suppliers, shareholders, the environment and, more generally, the community) and its objectives hold the Intesa Sanpaolo Group to a higher standard than that required for compliance with applicable laws.

Risk on owned real-estate assets

The risk on owned real-estate assets may be defined as a risk associated with the possibility of suffering financial losses due to an unfavourable change in the value of such assets.

Risks specific to Intesa Sanpaolo Group's insurance business

Life business

The typical risks of life insurance portfolios (managed by EurizonVita, Intesa Sanpaolo Life, Intesa Sanpaolo Vita, FideuramVita, Sud Polo Vita and CentroVita) may be divided into three main categories: premium risks, actuarial and demographic risks and reserve risks.

Premium risks are protected initially during the establishment of the technical features of the product and its pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at portfolio level, including all liabilities). When preparing a product for market, profit testing is used to measure profitability and identify any weaknesses beforehand.

Actuarial and demographic risks arise when an unfavourable trend is recorded in the actual loss ratio compared with the trend estimated when the rate was calculated, and these risks are reflected in the level of "reserves". This loss ratio refers not only to actuarial loss, but also to financial loss (guaranteed interest rate risk). Intesa Sanpaolo manages these risks by performing systematic statistical analysis of the evolution of liabilities in its own contract portfolio divided by risk type and through simulations of expected profitability of the assets hedging technical reserves.

Intesa Sanpaolo manages reserve risk through the calculation of mathematical reserves, with a series of checks as well as overall verifications performed by comparing results with the

estimates produced on a monthly basis. Intesa Sanpaolo Group places an emphasis on using the correct assumption for contracts by checking the relative portfolio against the movements during the period and the consistency of the amounts settled compared with the reserves' movements. The mathematical reserves are calculated in respect of the portfolio on a contract-by-contract basis taking all future commitments into account.

Non-life business

The typical risks of the non-life insurance portfolio (managed through Intesa Sanpaolo Assicura and CentroVita) are essentially premium and reserve risk. Premium risks are protected initially while the product's technical features and pricing are established, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at portfolio level, including all liabilities). Reserve risk is managed through the exact calculation of technical reserves. In particular, technical reserves may be divided into a premium reserve, a damage fund, a reserve for profits and reversals, other technical reserves and a reserve for equalisation.

Financial risks

In line with the growing focus in the insurance sector on the issues of value, risk and capital in recent years, a series of initiatives have been launched to strengthen risk governance and manage and control risk-based capital. With regard to both investment portfolios for the coverage of obligations with the insured and free capital, an internal regulation was adopted in order to define the investment policy. The aim of the investment policy is the control and monitoring of market and credit risks. The policy defines the goals and operating limits to distinguish the investments in terms of eligible assets and asset allocation, breakdown by rating classes and credit risk, concentration risk by issuer and sector, and market risks (in turn measured in terms of sensitivity to variations in risk factors and VaR). Investment decisions, portfolio growth and compliance with operating limits are reviewed on a monthly basis by specific investment committees.

Investment portfolios

The investments of the insurance subsidiaries of Intesa Sanpaolo Group are aimed at covering free capital and obligations with customers, namely life policies with profit participation clauses, index linked and unit-linked policies, pension funds and casualty policies. Life policies with profit participation clauses offer the insured the ability to receive a share of the profit from the fund management (the segregated fund) and a minimum guaranteed level, and therefore generate proprietary market and credit risks for the insurance company. Index linked and unit-linked policies, which usually do not present direct risks, are monitored with regard to reputation risks.

Competition

In recent years the Italian banking sector has been characterised by ever increasing competition which, together with the level of interest rates, has caused a sharp reduction in the difference between lending and borrowing interest rates and subsequent difficulties in maintaining a positive growth trend in interest rate margin.

In particular, such competition has had two main effects:

- a progressive reduction in the differential between lending and borrowing interest rate, which may result in Intesa Sanpaolo facing difficulties in maintaining its actual rate of growth in interest rate margins; and
- a progressive reduction in commissions and fees, particularly from dealing on behalf of third parties and orders collection, due to competition on prices.

Both of the above factors may adversely affect Intesa Sanpaolo's financial condition and result of operations.

In addition, downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete.

Legal risks

The Intesa Sanpaolo Group is involved in various legal proceedings. Management believes that such proceedings have been properly analysed by the Intesa Sanpaolo Group and its subsidiaries in order to decide upon, if necessary or opportune, any increase in provisions for litigation to an adequate extent according to the circumstances and, with respect to some specific issues, to refer to it in the notes to the financial statements in accordance with the applicable accounting standards. For more detailed information, see paragraph headed "*Legal Risks*" under the section headed "*Description of Intesa Sanpaolo S.p.A.*".

The Issuer is subject to the current disruptions and volatility in the global financial markets

Each of the Issuers is subject to the current disruptions and volatility in the global financial markets. During the course of 2011, the debt crisis in the Euro-zone has intensified and three countries (Greece, Ireland and Portugal) have requested the financial aid of the European Union and the International Monetary Fund. Credit quality has generally declined, as reflected by the repeated downgrades suffered by several countries in the Euro-zone periphery since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

The Intesa Sanpaolo Group's business is focused primarily on the Italian domestic market and therefore adverse economic conditions in Italy or a delayed recovery in the Italian market may have particularly negative effects on the Intesa Sanpaolo Group's financial condition and results of operations

Although the Intesa Sanpaolo Group operates in many countries, Italy is its primary market. Its business is therefore particularly sensitive to adverse macroeconomic conditions in Italy.

The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other OECD nations, could have a material adverse effect on the Intesa Sanpaolo Group's business, results of operations or financial condition.

In addition, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, may destabilise the markets and have a material adverse effect on the

Intesa Sanpaolo Group's operating results, financial condition and prospects as well as on the marketability of the Notes.

Governmental and central banks' actions intended to support liquidity may be insufficient or discontinued

In response to the financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors, intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.

The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the Intesa Sanpaolo Group's business, financial condition and results of operations.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should

not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes

Each Issuer may issue Notes with principal and/or interest determined by reference to an index or formula or to changes in the prices of securities or commodities (each a "**relevant factor**"). In addition, each Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time;
- (iv) they may lose all or a substantial portion of their principal;
- (v) the relevant factors may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on principal or interest payable is likely to be magnified; and

the timing of changes in a relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. That Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since that Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If that Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If that Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Subordinated Notes

If Intesa Sanpaolo is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on Subordinated Notes. If this occurs, Intesa Sanpaolo may not have enough assets remaining after these payments to pay amounts due under such Notes.

For a full description of the provisions relating to Subordinated Notes, see Conditions 4(b) (*Status - Subordinated Notes issued by Intesa Sanpaolo*).

Regulatory classification of the Notes

The intention of the Intesa Sanpaolo is for Subordinated Notes to qualify on issue as "Tier II capital", for regulatory capital purposes. Current regulatory practice by the Bank of Italy does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is Intesa Sanpaolo's expectation that the Notes qualify as "Tier II capital", as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU

capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Tier II capital", Intesa Sanpaolo will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 10(f) (*Regulatory Event Redemption of Subordinated Notes*), subject to the prior approval of the Bank of Italy. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

Non-Viability Requirement for Subordinated Notes

The Basel Committee's press release dated 13th January, 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph.

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1st January, 2013 must meet these requirements in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1st January, 2013 which do not meet these requirements will be phased out from 1st January, 2013.

The January 2011 Press Release is not binding in the European Union, and the non-Viability Requirements will need to be implemented in the European Union.

There has not yet been an official proposal for the implementation of the Non-Viability Requirement in the European Union, although a draft of a new EU directive (called the Crisis Management Directive, or the "**CMD**") containing rules in relation to bank resolution and recovery was released on 6th June, 2012. The CMD, although currently in draft form, includes provisions relating to, inter alia, "bail-in" (write-down or conversion into equity) of subordinated debt, certain types of senior debt and certain other liabilities at the point of a bank's non-viability. The draft CMD proposes that, with application from 1st January, 2015, national authorities in each Member State will be given the power to write down or convert

Additional Tier 1 and Tier 2 instruments at the point of the Issuer's non-viability. It is expected that each Member State will be required to implement CMD into its national law. However, it is possible that all or some of the CMD provisions will eventually be implemented by way of a directly-applicable regulation, similar to the Capital Requirements Regulation (the "**CRR**").

There can be no assurance that existing legislation or new legislation will be amended or introduced in Italy to reflect the January 2011 Press Release or that any existing legislation or new legislation applying in Italy will be confirmed in due course by a peer group review (as referred to in paragraph (b) of the Non-Viability Requirement above) to conform with paragraph (a) above such that Subordinated Notes would be subject to being written down or fully loss absorbing on the basis set out in paragraph (a) above. In such circumstances, however, the Terms and Conditions of the Subordinated Notes may still need to provide for such Non-Viability Requirement in order to qualify as regulatory capital under the CRR. As at the date of this Prospectus, there has been no official notification that a peer group review of the kind referred to in paragraph (b) above has been undertaken in respect of any laws of any EU member state.

Investors should be aware, however, that Subordinated Notes may nevertheless be subject to a write-down or conversion into common shares at the point of non-viability should the Bank of Italy or other authority or authorities having oversight of the Intesa Sanpaolo at the relevant time (the Relevant Authority) be given the power to do so.

In addition, there can be no assurance that, prior to implementation of the CRD IV and the CRR and the other Basel III reforms in Italy, the Basel Committee will not amend its package of reforms described above. Furthermore, the European Commission may implement the package of reforms, including the terms which capital instruments are required to have, in a manner that is different from that which is currently envisaged or, if permitted, Italy may impose more onerous requirements on the financial institutions. Until fully implemented, Intesa Sanpaolo cannot predict the precise effects of the changes that result from any proposed reforms on both their own financial performance and/or on the pricing of the Subordinated Notes.

Any failure by Intesa Sanpaolo to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on Intesa Sanpaolo's profitability and results and may also have other effects on the relevant Issuer's financial performance and on the pricing of the Subordinated Notes, both with or without the intervention by regulators or the imposition of sanctions. Prospective investors in Subordinated Notes should consult their own advisers as to the consequences of the proposed CRD IV and CRR.

Integral multiples of less than €100,000

Subject to any minimum denomination applicable to Notes issued by INSPIRE or SEB, in relation to any Notes issued in denominations representing the aggregate of (i) a minimum Specified Denomination of €100,000, plus (ii) integral multiples of another smaller amount, Notes may be traded in amounts which, although greater than €100,000 (or its equivalent in another currency), are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 will not receive a definitive Note in respect of such holding (if definitive Notes are

printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Trust Deed and the Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17 (*Meetings of Noteholders; Modification and Waiver; Substitution, Additional Issues*).

U.S. Foreign Account Tax Compliance Withholding

The Issuers (or the Guarantor) and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes treated as debt for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date (and (ii) any Notes treated as equity for U.S. federal tax purposes, whenever issued), pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to

change. The application of FATCA to Notes issued after 31 December 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in a Supplement to the Base Prospectus.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity known as "residual entities" as defined in article 4-2 of the EU Savings Tax Directive established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at the rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States (including Switzerland), have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity, known as "residual entities", established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity, known as "residual entities", established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Tax Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Change of law

The conditions of the Notes are governed by English law in effect as at the date of this Prospectus, except for the subordination provisions of the Subordinated Notes issued by Intesa Sanpaolo, which are based on Italian law. No assurance can be given as to the impact of any possible judicial decision or change to applicable law or administrative practice after the date of this Prospectus.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors who hold Notes through interests in the Global Notes will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes.

Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus. Capitalised terms used elsewhere in this Prospectus shall have the same meanings in this description.

Issuers: Intesa Sanpaolo S.p.A.

Intesa Sanpaolo Bank Ireland p.l.c.

Société Européenne de Banque S.A., a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg as a credit establishment, having its registered office at 19-21 boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, and registered with the Register of Trade and Companies of Luxembourg under number B. 13.859.

Guarantor: Intesa Sanpaolo S.p.A. (in respect of Notes issued by INSPIRE and SEB)

Joint Arrangers: Banca IMI S.p.A.

Deutsche Bank AG, London Branch

Dealers: Banca IMI S.p.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Dexia Crediop S.p.A., Goldman Sachs International, HSBC Bank plc, Intesa Sanpaolo S.p.A., J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, The Royal Bank of Scotland plc, Société Générale, UBS Limited and any other Dealer appointed from time to time by Intesa Sanpaolo, INSPIRE and SEB either generally in respect of the Programme or in relation to a particular Tranche of Notes.

Trustee: The Law Debenture Trust Corporation p.l.c.

Registrar and Transfer Agent Deutsche Bank Luxembourg S.A.

Principal Paying Agent: Deutsche Bank AG, London Branch

Luxembourg Listing Agent: Société Européenne de Banque S.A.

Listing, approval and admission to trading: This document has been approved by the CSSF as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

Pursuant to Article 18 of the Prospectus Directive, the CSSF may at the request of any Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Prospectus; and (ii) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (an "**Attestation Certificate**"). At the date hereof the Issuers have requested the CSSF to send an Attestation Certificate and copy of this Prospectus to the Central Bank of Ireland in its capacity as competent authority in Ireland.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the Final Terms which, with respect to Notes to be admitted to trading on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Clearing Systems: Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"), Monte Titoli S.p.A. ("**Monte Titoli**") and/or any other clearing system as may be specified in the

relevant Final Terms.

Initial Programme Amount: Up to €70,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed (if applicable) at any one time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Issuance in Series: Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations. See also "*Taxation - Italian Taxation - Fungible issues*".

Final Terms or Drawdown Prospectus: Notes issued under the Programme may be issued either (i) pursuant to this Prospectus and associated Final Terms or (ii) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.

Forms of Notes: Notes will be issued as Bearer Notes or Registered Notes, as specified in the relevant Final Terms. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. The relevant Final Terms will specify whether each Global Note is to be issued in New Global Note or Classic Global Note form (as each such term is defined in the section entitled "*Forms of the Notes*" below). Each Global Note in bearer form (a "**Bearer Global Note**") which is intended to be issued in Classic Global Note form will be deposited on

or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Bearer Global Note which is intended to be issued in New Global Note form will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Registered Notes

Each Tranche of Registered Notes will be represented by individual certificates ("**Individual Note Certificates**") or one or more Global Notes in registered form ("**Registered Global Notes**"), in each case as specified in the relevant Final Terms.

Each Note represented by Registered Global Note will either be: (a) in the case of a Registered Global Note which is not to be held under the New Safekeeping Structure (as such term is defined in the section entitled "*Forms of Notes*" below), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Registered Global Note to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Monte Titoli Notes

Notes which are specified in the relevant Final Terms as having Monte Titoli as a clearing system ("**Monte Titoli Notes**") will be held on behalf of the beneficial owners thereof, from their date of issue until their redemption, by Monte Titoli for the account of the relevant Monte Titoli account holders. The expression "**Monte Titoli account holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any financial intermediary appointed by Euroclear and/or Clearstream, Luxembourg for the account of participants in Euroclear and/or Clearstream, Luxembourg.

Guarantee of the Notes:	Under the Trust Deed, and where such Notes are stated to have the benefit of the Guarantee in the relevant Final Terms and upon the entering into of a Deed of Guarantee, payment of all amounts due in respect of Notes issued by INSPIRE or by SEB shall have the benefit of a guarantee of Intesa Sanpaolo. See also " <i>— Status of the Guarantee</i> " and " <i>— Governing Law</i> ".
Currencies:	Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of Notes:	Notes may be issued either on an unsubordinated basis (" Unsubordinated Notes ") or, in the case of Intesa Sanpaolo only, on a subordinated basis (" Subordinated Notes ") as described herein.
Unsubordinated Notes:	The status of the Unsubordinated Notes is described in Condition 4(a) (<i>Status - Unsubordinated Notes</i>).
Subordinated Notes:	Notes issued by Intesa Sanpaolo may be issued as Subordinated Notes as described in Condition 4(b) (<i>Status - Subordinated Notes issued by Intesa Sanpaolo</i>).
Status of Guarantee:	The Guarantee given by Intesa Sanpaolo in respect of Notes issued by INSPIRE or SEB, upon the entering into of a deed of guarantee in the form set out in the Trust Deed

is described in Condition 5 (*Status of the Guarantee*).

Issue Price: Notes may be issued at any price, as specified in the relevant Final Terms.

Maturities: Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes, Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue).

Redemption: Notes may be redeemed at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

The redemption of Subordinated Notes, both at their date of maturity and in the case of early redemption at the option of Intesa Sanpaolo, shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on Intesa Sanpaolo maintaining its minimum capital requirements (*patrimonio di vigilanza*) as prescribed in Title I, Chapter 2 of the New Supervisory Regulations for Banks (*Nuove disposizioni di vigilanza prudenziale per le banche*), as set out in Bank of Italy Circular No. 263 of 27th December, 2006 in force from March 2008 (as amended, supplemented or re enacted from time to time (the "**2006 Bank of Italy Regulations**")) immediately following redemption of the Subordinated Notes. If such approval is not given on or prior to the relevant redemption date, Intesa Sanpaolo will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital. Intesa Sanpaolo will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the due date for redemption will continue to bear interest as provided in the Conditions and the Trust

Deed.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Maturities*" above.

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Noteholders or, as the case may be, the relevant Issuer (either in whole or in part) to the extent (if at all) specified in the relevant Final Terms. In the case of Subordinated Notes, such optional redemption may only be at the option of the relevant Issuer and is subject to any necessary prior consent thereto having been obtained from the Bank of Italy.

Regulatory Event Redemption:

If specified as applicable in the relevant Final Terms, Subordinated Notes may be redeemed before their stated maturity at the option of Intesa Sanpaolo if any change in Italian Law or any change in the official application or interpretation thereof (including as a result of the implementation or applicability in Italy on or after the Issue Date of CRD IV), such Subordinated Notes are fully excluded from regulatory treatment as Tier 2 Capital. Such optional redemption may only be at the option of Intesa Sanpaolo and is subject to any necessary prior consent thereto having been obtained from the Bank of Italy.

Redemption for Indexation Reasons

Inflation Linked Notes may be redeemed before their stated maturity at the option of the relevant Issuer, if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders

Tax Redemption:

Except as described in "*Optional Redemption*", "*Regulatory Event Redemption*" and "*Redemption for Indexation Reasons*" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption and Purchase - Redemption for tax reasons*). Any such redemption shall be subject, in the case of Subordinated Notes, to the prior consent of the Bank of Italy and to the circumstances described in "*Redemption*" above.

Interest: Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

Denominations: Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, (see "*Maturities*" above) and save that, subject to minimum denominations of Notes to be issued by INSPIRE and SEB as described below, the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or the equivalent amount where the Notes are denominated in a currency other than euro).

So long as the clearing systems so permit, Notes may in certain circumstances and subject to any minimum denomination applicable to Notes issued by INSPIRE and SEB be issued in denominations representing the aggregate of (i) a minimum denomination of €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) plus (ii) integral multiples of another smaller amount, and such Notes may be traded in amounts which, although greater than €100,000 (or its equivalent in another currency), are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 will not receive a definitive Note in respect of such holding (if definitive Notes are printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Notes which are issued or to be issued by INSPIRE (i) which are not listed on a stock exchange and do not mature within two years of the date of issue must have a minimum denomination of €500,000 or its equivalent, and (ii) which are not listed on a stock exchange and mature within two years of the date of issue if denominated in euro must have a minimum denomination of €500,000, if denominated in U.S. Dollars must have a minimum denomination of US\$500,000 or if denominated in a currency other than

euro or U.S. Dollars must have a minimum denomination equivalent to €500,000 at the date the Programme is first publicised. In every case (including the foregoing), subject to compliance with all applicable legal and/or tax and/or regulatory and/or central bank requirements.

Negative Pledge:

None.

Unsubordinated Notes issued under this Programme prior to 13th October, 2005 have the benefit of a negative pledge provision in the following terms:

"The Issuer and (where applicable) the Guarantor will not, so long as any of the Notes remains outstanding, create or permit to subsist (other than by operation by law) any Security Interest upon the whole or any part of its undertakings, assets or revenues, present or future, to secure any External Indebtedness or any guarantee of or indemnity in respect of any External Indebtedness unless:

- (a) the same Security Interest shall forthwith be extended equally and rateably to the Notes to the satisfaction of the Trustee; or
- (b) such other Security Interest is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders,

provided that nothing in this Condition shall prevent the Issuer and (if applicable) the Guarantor from:

- (i) creating or permitting to subsist (a) any Security Interest upon, or with respect to, any of its present or future assets or revenues or any part thereof which is created pursuant to any securitisation, asset backed financing or like arrangement and whereby all payment obligations in respect of the External Indebtedness or any guarantee of or indemnity in respect of the External Indebtedness, as the case may be, secured by such Security Interest or having the benefit of such secured guarantee or other indemnity, are to be discharged

solely from such asset or revenues; or

- (ii) permitting to subsist any Security Interest upon or with respect to any assets or revenues which are acquired by the Issuer or (where applicable) the Guarantor subsequent to the date of issue of the first Tranche of the relevant Notes as a consequence of the merger of any entity into or with the Issuer or (where applicable) the Guarantor and which Security Interest is in existence at the time of such acquisition *provided that* such Security Interest was not created in contemplation of such acquisition or such merger and the principal amount secured at the time of such acquisition is not subsequently increased."

As used herein:

"External Indebtedness" means any present or future indebtedness for borrowed money in the form of, or represented by bonds, notes, debentures, loan capital, certificates of deposit, loan stock or other like instruments or securities (a) which is or are intended to be quoted, listed or ordinarily dealt in or traded on any stock exchange, automated trading system, over-the-counter or other established securities market (for which purpose any such indebtedness shall not be regarded as intended to be so quoted, listed or ordinarily dealt in or traded if the terms of issue thereof expressly provide to the contrary), (b) which by its terms is payable, or may be required to be paid, three years or more from the date of issue and (c) more than 60 per cent. of the aggregate principal amount of which is initially distributed by or with the authorisation of the issuer thereof outside the Republic of Italy; and

"Security Interest" means any mortgage, charge, lien, pledge or other security interest."

Outstanding Unsubordinated Notes issued prior to 13th October, 2005 will continue to benefit from such negative pledge provision up to maturity, as will Unsubordinated Notes issued after 13th October, 2005 which are to be consolidated with and form a single series with Unsubordinated Notes issued prior to that date. **Otherwise, Unsubordinated Notes issued after 13th October, 2005**

will not have the benefit of this provision.

Cross Default:

Unsubordinated Notes will have the benefit of a cross default as described in Condition 13 (*Events of Default*).

Taxation:

All payments of principal and interest in respect of Notes or made under the Guarantee of the Notes by the relevant Issuer, in case of payments under the Notes, or the Guarantor, in case of payments under the Guarantee, will be made free and clear of withholding taxes in the jurisdiction of incorporation of the relevant Issuer or Guarantor, as the case may be, unless the withholding is required by law. In that event, the relevant Issuer or Guarantor, as the case may be will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

However, as more fully set out in Condition 12 (*Taxation*), the relevant Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 on account of substitute tax (*imposta sostitutiva*, as defined therein) in relation to interest payable in respect of any Notes.

In addition, Notes are subject to a withholding tax at the rate of 20 per cent. per annum in respect of interest and premium (if any) on Notes that qualify as atypical securities (pursuant to Law Decree No. 512 of 30th September, 1983, as amended). Intesa Sanpaolo will not be liable to pay any additional amounts to Noteholders in relation to any such withholding, as more fully specified in Condition 12 (*Taxation*).

Redenomination:

The applicable Final Terms may provide that certain Notes may be redenominated in euro. If so, the wording of the redenomination clause will be set out in full in the applicable Final Terms.

Governing Law:

The Trust Deed and the rights and obligations in respect of the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with each of the

foregoing, are governed by, and shall be construed in accordance with, English law, save that the subordination provisions applicable to Subordinated Notes issued by Intesa Sanpaolo and any non-contractual obligations arising out of or in connection with such provisions shall be governed by, and construed in accordance with, Italian law.

Ratings:

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7th June, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area (including the United Kingdom, the Republic of Italy and Ireland) and Japan, see "*Subscription and Sale*" below.

INFORMATION INCORPORATED BY REFERENCE

The following information, which has previously been published and filed with the CSSF is incorporated in, and forms part of, this Prospectus:

- (i) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31st December, 2010, as shown in the Intesa Sanpaolo Group 2010 Annual Report;
- (ii) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31st December, 2011, as shown in the Intesa Sanpaolo Group 2011 Annual Report;
- (iii) the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30th June, 2012, as shown in the Intesa Sanpaolo Group 2012 Half-yearly Report;
- (iv) the audited annual financial statements of INSPIRE as at and for the year ended 31st December, 2010, as shown in the 2010 annual report of INSPIRE;
- (v) the audited annual financial statements of INSPIRE as at and for the year ended 31st December, 2011, as shown in the 2011 annual report of INSPIRE;
- (vi) the unaudited half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2012, as shown in the 2012 half-yearly report of INSPIRE;
- (vii) the audited annual financial statements of SEB as at and for the year ended 31st December, 2010, as shown in the 2010 annual report of SEB;
- (viii) the audited annual financial statements of SEB as at and for the year ended 31st December, 2011, as shown in the 2011 annual report of SEB;
- (ix) the unaudited half-yearly financial information of SEB as at and for the six months ended 30th June, 2012,

in each case together with the accompanying notes and (where applicable) audit reports.

The Issuers will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseding version of such document will be provided. Request for such documents should be directed to the Issuers at their offices set out at the end of this Prospectus. In addition such documents will be available, without charge, at the principal office of the Joint Arrangers and of the Listing Agent in Luxembourg and on the Luxembourg Stock Exchange's website (www.bourse.lu).

Intesa Sanpaolo declares that the English translation of each of the Intesa Sanpaolo Group's financial statements incorporated by reference in this Prospectus is an accurate and not misleading translation in all material respect of the Italian language version of the Intesa Sanpaolo Group's financial statements.

Cross-reference list

The following table shows where the information required under Annex XI of Commission Regulation (EC) No. 809/2004 can be found in the above-mentioned documents.

Intesa Sanpaolo Group 2010 Annual Report

	<i>Page number(s)</i>
Consolidated balance sheet	132-133
Consolidated income statement	134
Changes in consolidated shareholders' equity	136-137
Consolidated statement of cash flows	138
Notes to the consolidated financial statements	139-401
- Part A - Accounting policies	141-177
- Part B - Information on the consolidated balance sheet	178-244
- Part C - Information on the consolidated income statement	245-268
- Part D - Consolidated comprehensive income	269
- Part E - Information on risks and relative hedging policies	270-372
- Part F - Information on capital	373-383
- Part G - Business combinations	384-388
- Part H - Information on compensation and transactions with related parties	389-398
- Part I - Share-based payments	399
--Part L - Segment reporting	400-401
Certification of the consolidated financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998	403-405
Independent Auditors' Report on the consolidated financial statements	407-409

Intesa Sanpaolo Group 2011 Annual Report

	<i>Page number(s)</i>
Consolidated balance sheet	154-155
Consolidated income statement	156
Changes in consolidated shareholders' equity	158
Consolidated statement of cash flows	160
Notes to the consolidated financial statements	161-407
- Part A - Accounting policies	163-197
- Part B - Information on the consolidated balance sheet	198-264
- Part C - Information on the consolidated income statement	265-286
- Part D - Consolidated comprehensive income	287
- Part E - Information on risks and relative hedging policies	288-383
- Part F - Information on capital	384-395
- Part G - Business combinations	396-399
- Part H - Information on compensation and transactions with related parties	400-404
- Part I - Share-based payments	405
--Part L - Segment reporting	406-407
Certification of the consolidated financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998	408
Independent Auditors' Report on the consolidated financial statements	409-411

Intesa Sanpaolo Group - Half-yearly Report as at 30th June, 2012

	<i>Page number(s)</i>
Consolidated balance sheet	38-39
Consolidated income statement	40
Statement of consolidated comprehensive income	41
Changes in consolidated shareholders' equity	42-43
Consolidated statement of cash flows	44
Explanatory Notes	45-140
Accounting policies	47-57
Subsequent events	58
Economic results	59-71
Balance sheet aggregates	72-85

	Page number(s)
<i>Breakdown of results by business area and geographical area</i>	86-112
<i>Risk management</i>	113-134
<i>Shareholder base, related party transactions and other information</i>	135-141
Certification of the half-yearly condensed consolidated financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998	142
Independent Auditors' Report	143-145
Attachments	147-164

Intesa Sanpaolo Bank Ireland p.l.c. 2010 and 2011 Annual Reports

	Page number(s)	
	2010	2011
Statement of financial position	12	12
Income statement	10	10
Statement of changes in equity	13	13
Cash flow	14	14
Notes to the financial statements	14-92	15-74
Auditors' report	8-9	8-9

The unaudited half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2012 are incorporated by reference in this Prospectus in their entirety.

Société Européenne de Banque S.A. 2010 and 2011 Annual Reports

	Page number(s)	
	2010	2011
Statement of financial position	9-10	9-10
Income statement	11	11
Statement of comprehensive income	12	12
Statement of changes in equity	12	12
Statement of cash flow	13	13
Notes to the common account	14-50	14-50
Auditors' report	51-53	51-53

The unaudited half-yearly financial information of SEB as at and for the six months ended 30th June, 2012 are incorporated by reference in this Prospectus in their entirety.

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

FURTHER PROSPECTUSES AND SUPPLEMENTS

The Issuers will prepare a replacement prospectus setting out the changes in the operations and financial conditions of the Issuers at least every year after the date of this Prospectus and each subsequent Prospectus.

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Prospectus which is capable of affecting the assessment of the Notes, they shall prepare and publish a supplement to this Prospectus in accordance with Article 16 of the Prospectus Directive or a replacement Prospectus for use in connection with any subsequent offering of Notes and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuers may agree with any Dealer to issue Notes in a form not contemplated in "Form of Final Terms" on pages [•] to [•]. To this extent, and/or to the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the relevant Issuer and the relevant Notes or (2) pursuant to Article 5.3 of the Prospectus Directive, by a registration document containing the necessary information relating to the relevant Issuer, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

FORMS OF THE NOTES

BEARER NOTES

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without Coupons, or a permanent global note (the "**Permanent Global Note**"), without Coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Bearer Global Note**") may be issued in new global note ("**New Global Note**" or "**NGN**") form, as specified in the relevant Final Terms. Each Bearer Global Note which is not intended to be issued in NGN form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Bearer Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13th June, 2006 the European Central Bank (the "**ECB**") announced that global bearer notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30th June, 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31st December, 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 1 year, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however, that* in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs and is continuing.

Save as described below, where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, so long as the clearing systems so permit and subject to any minimum denomination applicable to Notes issued by INSPIRE or SEB, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued and will be tradeable in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated or, in the case of an NGN Permanent Global Note, effectuated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 60 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 60 days of the bearer requesting such exchange.

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note, without Coupons, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms;
or
- (ii) at any time, if so specified in the relevant Final Terms; or

- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs and is continuing.

Save as described above, where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, so long as the clearing systems so permit and subject to any minimum denomination applicable to Notes issued by INSPIRE or SEB, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued and will be tradeable in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 or more than €199,000 (as applicable). For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated or, in the case of an NGN Permanent Global Note, effectuated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 60 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 1 year, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

REGISTERED NOTES

Each Tranche of Registered Notes will be represented by Individual Note Certificates or one or more Registered Global Notes, in each case as specified in the relevant Final Terms.

In a press release dated 22nd October, 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30th June, 2010 and that registered debt securities in registered global form held issued through Euroclear and Clearstream, Luxembourg after 30th September, 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Registered Global Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common depositary and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Registered Global Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Registered Global Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or

- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Registered Global Note ", then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
 - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Registered Global Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Registered Global Note within five business days of the delivery, by or on behalf of the registered holder of the Registered Global Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Registered Global Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Registrar will not register the transfer of or exchange of interests in a Global Note Certificate for Individual Note Certificates for a period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Registered Global Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

MONTE TITOLI NOTES

Notes which are specified in the relevant Final Terms as having Monte Titoli as a clearing system will be held on behalf of the beneficial owners thereof, from their date of issue until their redemption, by Monte Titoli for the account of the relevant Monte Titoli account holders. The expression "**Monte Titoli account holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any financial intermediary appointed by Euroclear and/or Clearstream, Luxembourg for the account of participants in Euroclear and/or Clearstream, Luxembourg.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Conditions applicable to Global Notes" above.

1. Introduction

- (a) *Programme:* Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"), Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") and Société Européenne de Banque S.A. ("**SEB**") have established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €70,000,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed, in respect of Notes issued by INSPIRE and SEB, by Intesa Sanpaolo (in this capacity, the "**Guarantor**") pursuant to a Deed of Guarantee (as defined below) to be entered upon the issuance of such guaranteed Notes.
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Trust Deed:* The Notes are subject to and have the benefit of an amended and restated trust deed dated [•], 2012 (as amended and/or supplemented and/or restated from time to time, and including the Deed of Guarantee (as defined below), the "**Trust Deed**") made between Intesa Sanpaolo, INSPIRE, SEB and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) *Agency Agreement:* The Notes are the subject of an amended and restated paying agency agreement dated [•], 2012 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between Intesa Sanpaolo, INSPIRE, SEB, the Trustee, Deutsche Bank AG acting through its London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and the transfer agent (the "**Transfer Agent**", which expression includes any successor transfer agent appointed from time to time in connection with the Notes) and paying agents named therein (together with the Principal Paying Agent and the Registrar, the "**Agents**", which expression includes any successor or additional agents appointed from time to time in connection with the Notes).
- (e) *Deed of Guarantee:* Notes issued by INSPIRE and SEB shall have the benefit of a deed of guarantee (the "**Deed of Guarantee**") entered into in respect of such Notes.

- (f) *The Notes*: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection and obtainable free of charge by the public during normal business hours at the Specified Office of the Trustee, the Specified Office of the Principal Paying Agent or, in the case of Registered Notes the Registrar, and, in any event, at the Specified Office of the Paying Agent in Luxembourg, the initial Specified Office of which is set out below.
- (g) *Summaries*: Certain provisions of these Conditions are summaries of the Trust Deed, Agency Agreement and the Deed of Guarantee (if entered into in respect of an issue of Notes) and are subject to their detailed provisions. Noteholders and Couponholders, if any, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Deed of Guarantee (if any) applicable to them. Copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee (if entered into in respect of an issue of Notes) are available for inspection by Noteholders during normal business hours at the Specified Offices of the Trustee and each of the Paying Agents, the initial Specified Offices of which are set out below.
- (h) *Issuers*: References in these Conditions to "**Issuer**" are to the entity specified as the Issuer in the relevant Final Terms.

2. **Definitions and Interpretation**

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)** " means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)** " means the city or cities specified as such in the relevant Final Terms;

"**Bearer Note**" means a Note in bearer form;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

"Calculation Agent" means the person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"Coupon" means an interest coupon relating to a Bearer Note;

"Couponholder" means the holder of a Coupon;

"Coupon Sheet" means, in respect of a Bearer Note, a coupon sheet relating to such Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:

- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
- (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" (in respect of Condition 6) is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (vi) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (vii) If "**30/360**" (in respect of Condition 7), "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30; and

- (viii) If "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (ix) If "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities as amended from time to time;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Guarantee of the Notes" means the guarantee of the Notes issued by INSPIRE or SEB, as the case may be, that has been given by the Guarantor in the Deed of Guarantee entered into in relation to that issue of Notes;

"Holder" means a Registered Holder or, as the context requires, the holder of a Bearer Note;

"Indebtedness for Borrowed Money" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any bonds, notes, debentures, loan capital, certificates of deposit, loan stock or other like instruments or securities offered, issued or distributed whether by way of public offer, private placement, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in

the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc.;

"Issue Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Margin" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Note Certificate" means a certificate issued to each Registered Holder in respect of its registered holding of Notes;

"Noteholder" means a holder of a Bearer Note or, as the context requires, a Registered Holder;

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

- (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Melbourne and, in relation to New Zealand dollars, it means Wellington;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Rate" has the meaning given in the relevant Final Terms;

"Register" means the register maintained by the Registrar in respect of Registered Notes in accordance with the Agency Agreement;

"Registered Holder" means the person in whose name a Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

"Registered Note" means a Note in registered form;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, the Reuter Monitor Money Rates Service and the Moneyline Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Reserved Matter" has the meaning ascribed thereto in the Trust Deed;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Trust Deed;

"Specified Period" has the meaning given in the relevant Final Terms;

"Talon" means a talon for further Coupons;

"TARGET Settlement Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System (or any successor to TARGET2) is open;

"Treaty" means the Treaty establishing the European Union, as amended; and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "**outstanding**" shall be construed in accordance with the Trust Deed; and
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes.

3. **Form, Denomination and Title**

The Notes will be issued as Bearer Notes or Registered Notes, as specified in the relevant Final Terms.

- (a) *Notes in Bearer Form:* Bearer Notes are issued in the Specified Denomination(s) with Coupons (if applicable) and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Bearer Notes issued by SEB shall be signed by any two directors of SEB.
- (b) *Title to Bearer Notes:* Title to Notes and Coupons will pass by delivery.

- (c) *Notes in Registered Form:* Registered Notes are issued in the Specified Denominations and may be held in holdings equal to the Specified Minimum Amount (specified in the relevant Final Terms) and integral multiples equal to the Specified Increments (specified in the relevant Final Terms) in excess thereof (an "**Authorised Holding**").
- (d) *Title to Registered Notes:* The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate will be issued to each Registered Holder in respect of its holding of Notes. With respect to Notes issued by SEB, each time the Register is amended or updated, the Registrar shall send a copy of the Register to SEB who will keep an updated copy of the Register at its registered office (the "**Duplicate Register**"). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfer of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfer of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Registered Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Registered Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Registered Holder. In this paragraph, "business day" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, the Guarantor (if applicable), the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Registered Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Guarantor (if applicable) with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

4. **Status of the Notes**

(a) **Status – Unsubordinated Notes**

This Condition 4(a) is applicable in relation to Notes specified in the Final Terms as being unsubordinated or not specified as being subordinated ("Unsubordinated Notes").

The Notes constitute direct, general, unconditional and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to any obligations preferred by any applicable law) equally with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Issuer, present and future.

(b) **Status – Subordinated Notes issued by Intesa Sanpaolo**

This Condition 4(b) is applicable only in relation to Subordinated Notes issued by Intesa Sanpaolo and specified in the Final Terms as being subordinated and, is subject to any other regulatory provision applicable from time to time, in order for the Subordinated Notes to qualify as Tier II capital ("Subordinated Notes").

(i) **Status of Subordinated Notes**

The Subordinated Notes and the relative Coupons constitute unsecured obligations of Intesa Sanpaolo and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of Intesa Sanpaolo (other than those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes) save of those preferred by mandatory and/or overriding provisions of law. In the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in Legislative Decree of 1st September, 1993, No. 385 of the Republic of Italy as amended

(the "**Consolidated Banking Act**")), the payment obligations of Intesa Sanpaolo in respect of principal and interest under the Subordinated Notes will be subordinated to the claims of Intesa Sanpaolo Senior Creditors (as defined below) in that amounts in respect of such principal and interest shall be due and payable by Intesa Sanpaolo in such winding up only if and to the extent that Intesa Sanpaolo could make payment thereof rateably with the claims of other Subordinated Creditors (as defined below) and still be solvent immediately thereafter. For this purpose, Intesa Sanpaolo shall be considered to be solvent if (1) it is able to pay its debts as they fall due and (2) its Assets (as defined below) exceed its Liabilities (as defined below) to Intesa Sanpaolo Senior Creditors.

A report in writing as to the solvency of Intesa Sanpaolo by its liquidator shall, unless the contrary is proved, be treated and accepted by Intesa Sanpaolo, the Trustee and the holders of the Subordinated Notes (the "**Subordinated Noteholders**") and the relative Coupons (the "**Subordinated Coupons**", and "**Subordinated Couponholders**" will be construed accordingly) as correct and sufficient evidence thereof.

"**Assets**" means the total amount of the non-consolidated gross assets of Intesa Sanpaolo and "**Liabilities**" means the total amount of the non-consolidated gross liabilities of the Intesa Sanpaolo, in each case as shown by the latest published audited balance sheet of Intesa Sanpaolo, but adjusted for contingencies and subsequent events in such manner as the above-mentioned liquidator may determine.

"**Intesa Sanpaolo Senior Creditors**" means creditors of Intesa Sanpaolo whose claims are admitted to proof in the winding up of Intesa Sanpaolo and who are unsubordinated creditors of Intesa Sanpaolo, and "**Subordinated Creditors**" means creditors of Intesa Sanpaolo (including, without limitation, the Subordinated Noteholders, and the Subordinated Couponholders) whose claims against Intesa Sanpaolo are, or are expressed to be, subordinated in the event of the winding up of Intesa Sanpaolo in any manner to the claims of any unsecured and unsubordinated creditor of Intesa Sanpaolo, but excluding those subordinated creditors of Intesa Sanpaolo (if any) whose claims rank, or are expressed to rank, junior to the claims of the Subordinated Noteholders, and Subordinated Couponholders and/or to the claims of any other creditors of Intesa Sanpaolo whose claims rank, or are expressed to rank, *pari passu* with the claims of the Subordinated Noteholders and Subordinated Couponholders or with whose claims the claims of the Subordinated Noteholders and Subordinated Couponholders rank, or are expressed to rank, *pari passu*.

(ii) ***Set-Off***

Subject to applicable law, neither any Subordinated Noteholder or Subordinated Couponholder nor the Trustee may exercise or claim any right of set-off in respect of any amount owed to it by Intesa Sanpaolo arising under or in connection with the Subordinated Notes or Subordinated Coupons and each Subordinated Noteholder, and Subordinated Couponholder shall, by virtue of his subscription, purchase or holding of any Subordinated Note or Subordinated Coupon, be deemed to have waived all such rights of set-off.

5. **Status of the Guarantee**

This Condition 5 is applicable in relation to Notes if the Notes are specified in the applicable Final Terms as having the benefit of the Guarantee of the Notes and upon the entering into of a Deed of Guarantee.

The obligations of the Guarantor under the Guarantee of the Notes (if stated as applicable in the relevant Final Terms and upon the entering into of a Deed of Guarantee) constitute direct, general, unconditional and unsecured obligations of the Guarantor and rank equally (subject to any obligation preferred by any applicable law) with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Guarantor (present and future).

6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Fixed Rate Note is the multiple of the Calculation Amount, the Amount of interest payable in respect of such Fixed Rate Note shall be the multiple of the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions, CMS Linked Interest Notes or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7(b) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination (other than CMS Linked Interest Notes):* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major

banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for deposits in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or, as the case may be, the arithmetic mean last determined in relation to the Notes in respect of the immediately preceding Interest Period for which such rate or arithmetic mean was determined.

- (d) *Floating Rate Notes which are CMS Linked Interest Notes:* Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be:

- (w) where "CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{CMS Rate} + \text{Margin}$$

- (x) where "Leveraged CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{CMS Rate}$$

- (y) where "Steepner CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

Either:

- (a) where "Steepner CMS Reference Rate: Unleveraged" is specified in the applicable Final Terms:

$$\text{CMS Rate 1} - \text{CMS Rate 2}$$

or

- (b) where "Steepner CMS Reference Rate: Leveraged" is specified in the applicable Final Terms:

$$\text{Leverage} \times [(\text{Min}(\text{CMS Rate 1}; \text{Cap} - \text{CMS Rate 2})) + \text{Margin}]$$

- (z) where "Call Spread CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{Min} [\text{Max} (\text{CMS Rate} + \text{Margin}; \text{Floor}); \text{Cap}]$$

For the purposes of this sub-paragraph (B):

"**CMS Rate**" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent. The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available ; and

"**Cap**", "**CMS Rate 1**", "**CMS Rate 2**", "**Floor**", "**Leverage**" and "**Margin**" shall have the meanings given to those terms in the applicable Final Terms.

- (e) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount of such Note during such

Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note is the multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Guarantor (where applicable), the Trustee, the Paying Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 19 (*Notices*). The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor (where applicable), the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (k) *Determination or Calculation by Trustee:* If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee will make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantor (where applicable), the Noteholders and the Couponholders.

8. Inflation Linked Note Provisions

In the case of Index Linked Interest Notes or Index Linked Redemption Notes (unless the contrary appears within the applicable Final Terms), the following provisions of Condition 8 shall apply.

(a) Inflation Linked Note Provisions

(i) Indexation of principal and interest

If the Notes are specified as Inflation Linked Interest Notes and/or Inflation Linked Redemption Notes in the applicable Final Terms, each payment of interest or principal in respect of such Notes shall be the amount provided in, or determined in accordance with these Conditions, multiplied by the Index Ratio or Limited Index Ratio, in the case of Limited Index Linked Notes, applicable to the date on which such payment falls to be made.

In respect of Inflation Linked Redemption Notes, the Calculation Agent will calculate such Final Redemption Amount or Early Redemption Amount (as the case may be) as soon as practicable after each time such amount is capable of being determined and will notify the Agent thereof as soon as practicable after calculating the same. The Agent will as soon as practicable thereafter notify the Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 19 (*Notices*).

(ii) Definitions

For the purposes of these Conditions:

"Base Index Figure" means (subject to Condition 8(c)) the base index figure relevant to the Interest Commencement Date as specified in the applicable Final Terms;

"Calculation Date" means any date when an Interest Amount, Final Redemption Amount or Early Redemption Amount, as applicable, falls due;

"Expert" means an independent investment bank or other expert in London appointed by the Issuer or, if the Trustee has requested such appointment and the Issuer has failed to make such appointment within ten days, as appointed by the Trustee;

"HCIP" means the Non revised Index of Consumer Prices excluding tobacco, expressed as an index and published by Eurostat;

"Index" means HCIP or UK RPI, as specified in the applicable Final Terms;

"Index Figure" means, in relation to any Calculation Date, subject as provided in Condition 8(c) below, the Index Figure as specified in the applicable Final Terms for the indexation of inflation as published by the Index as specified in the Final Terms and applicable to that Calculation Date or, if that index is not published for any Calculation Date, any substituted

index or index figures published by the government department responsible for the publication of such Index or the comparable index which replaces such index for the purpose of calculating the amount payable on repayment of the Reference Bond;

Any reference to the "**Index Figure applicable**" to a particular Calculation Date shall, subject as provided in Condition 8(c) below;

- (A) if the applicable Final Terms specify that interpolation will apply, be calculated in accordance with the following formula:

$$\frac{RPI_{m-y} + (\text{Day of Calculation Date} - 1) \times (RPI_{m-x} - RPI_{m-y})}{(\text{Days in month of Calculation Date})}$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

RPI^{m-y} means the Index Figure for the first day of the month that is the number of months as specified in the applicable Final Terms ("**Indexation Month Reference Period Y**") prior to the month in which the payment falls due; and

RPI^{m-x} means the Index Figure for the first day of the month that is the number of months as specified in the applicable Final Terms ("**Indexation Month Reference Period X**") prior to the month in which the payment falls due; or

- (B) otherwise means the Index Figure for the first day of the month that is the number of months as specified in the applicable Final Terms prior to the month in which the payment falls due;

the "**Index Ratio**" applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure and rounded to five decimal places (0.000005 being rounded upwards);

"**Limited Index Ratio**" means (a) in respect of any month or date, as the case may be, prior to the relevant Issue Date, the Index Ratio for that month or date, as the case may be, (b) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date, as the case may be, and the Limited Index Ratio as previously calculated in respect of the month or date, as the case may be, the number of months prior thereto (as specified in the applicable Final Terms ("**Limited Indexation Month Reference Period**")); and (c) in respect of any other month or date, as the case may be, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

"**Limited Indexation Date**" means any date falling during the period specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

"Limited Indexation Factor" means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date, as the case may be, divided by the Index Figure applicable to the month or date, as the case may be, the number of months prior thereto (as specified in the applicable Final Terms (Limited Indexation Month Reference Period)), provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the applicable Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

"Limited Indexation Month" means any month specified in the applicable Final Terms for which a Limited Indexation Factor is to be calculated;

"Limited Index Linked Instruments" means Index Linked Instruments to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the applicable Final Terms) applies;

the **"Rate of Interest"** applicable to any amount payable unless stated otherwise in the applicable Final Terms shall be the amount calculated by reference to Condition 8(a)(i) and rounded to six decimal places (0.0000005 being rounded upwards);

"Reference Bond" means the Reference Bond as specified in the applicable Final Terms whereas (a) if the Index is specified as UK RPI, the Reference Bond shall also be read to mean Reference Gilt or (b) if the Index is specified as HCIP, the Reference Bond shall also be read to mean the Related Instrument;

"Reference Gilt" means UK Treasury Stock specified as such in the applicable Final Terms for so long as such stock is in issue, and thereafter such issue of index-linked UK Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer (an **"Indexation Adviser"**);

"Related Instrument" means an inflation linked bond selected by the Calculation Agent that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to inflation in the European Monetary Union with a Maturity Date that falls on (a) the same day as the Maturity Date, (b) the next longest maturity date after the Maturity Date if there is no such bond maturing on the Maturity Date or (c) the next shortest maturity date if no bond defined in (a) or (b) above is selected by the Calculation Agent. The Calculation Agent will select the Related Instrument from such of those inflation linked bonds issued on or before the relevant Issue Date and, if there is more than one such inflation linked bond maturing on the same date, the Related Instrument shall be selected by the Calculation Agent from such of those bonds. If the Related Instrument redeemed the Calculation Agent will select a new Related Instrument on the same basis, but selected from all eligible bonds in issue at the time the originally selected

Related Instrument is redeemed (including any bond for which the redeemed originally selected Related Instrument is exchanged); and

"UK Retail Price Index" means the UK Retail Price Index (RPI) (for all items) published by the Office for National Statistics.

(b) **Changes in circumstances affecting the Index**

(i) **Change in base**

If at any time the Index is changed by the substitution of a new base for it, then with effect from (and including) the date from and including that on which such substitution takes effect:

- (A) the definition of Index in Condition 8(a)(ii) shall be deemed to refer to the new date in substitution for the Commencement Date of the Index, as specified in the applicable Final Terms (or, as the case may be, for such other date or month as may have been substituted for it); and
- (B) the definition of Base Index Figure in Condition 8(a)(ii) shall be amended to mean the product of the then applicable Base Index Figure and the Index immediately following such substitution, divided by the Index immediately prior to such substitution.

(ii) **Delay in publication of the Index**

- (A) If, in relation to a particular Interest Period or to the redemption of all or some only of the Notes and otherwise than in circumstances which the Issuer certifies to the Trustee (in a certificate addressed to the Trustee and signed by two Directors of the Issuer which the Trustee may rely on absolutely without further enquiry) may fall within Condition 8(c) or 10(g) (notwithstanding that the Issuer may subsequently be advised that they do not fall within Condition 8(c) or 10(g)), the Index Figure relating to any month (the "**calculation month**") which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth day before the date on which such payment is due (the "**date for payment**"), the Issuer shall appoint an Expert and the Index Figure for the relevant calculation month shall be the substitute index figure (if any) as is published by the government department responsible for the publication of such index for the purposes of indexation of payments on the Reference Bond or, failing such publication, on any one or more of index-linked stocks of the issuer of the Reference Bond, as determined by the Expert; or
- (B) if no such determination is made by the Expert within seven days, the Index Figure last published before the date for payment.
- (C) Where the provisions of this Condition 8(c)(ii) apply, the certificate of the Issuer (signed by two Directors), acting on the advice of an Expert, as to the Index Figure applicable to the date for payment falls shall be

conclusive and binding upon the Issuer, the Guarantor (if the Issuer is either INSPIRE or SEB), the Trustee and the Noteholders, Couponholders. If a substitute index is published as specified in 8(c)(ii)(A) above, a determination made based on that index shall be final and no further payment by way of adjustment shall be made, notwithstanding that the Index Figure applicable to the date for payment may subsequently be published. If no substitute index is so published and the Index relating to the date for payment is subsequently published then:

- (1) in the case of any Note not falling due for redemption on the date for payment, if the Index Figure so subsequently published (if published while that Note remains outstanding) is greater or less than the Index Figure applicable by virtue of 8(c)(ii)(B) above, the interest payable on that Note on the Interest Payment Date next succeeding the date of such subsequent publication shall be increased or reduced to reflect the amount by which the interest payable on that Note on the date for payment on the basis of the Index Figure applicable by virtue of 8(c)(ii)(B) above fell short of, or (as the case may be) exceeded the interest which would have been payable on that Note if the Index Figure subsequently published had been published on or before the second business day before the date for payment; or
- (2) in the case of any Note falling due for final redemption on the date for payment, no subsequent adjustment to amounts paid will be made.

9. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will (subject as mentioned below with respect to the Subordinated Notes) be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*). The redemption of Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, as the case may be, to redeem any such Notes where such consent has not been granted shall not constitute a default of Intesa Sanpaolo, as the case may be, for any purpose. Consent to redemption is at the discretion of the Bank of Italy but will not be granted at the initiative of the Noteholder or where the solvency of Intesa Sanpaolo, as the case may be, would be affected.
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part (but subject to the prior approval of the Bank of Italy in the case of Subordinated Notes):
- (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy, in the case of Intesa Sanpaolo, or Ireland, in the case of INSPIRE, or Luxembourg in the case of SEB, or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) the Guarantor (where applicable) satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or (if a demand were made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes

effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

At least 15 days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Trustee and conclusive and binding on the Noteholders). Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part (subject to the prior approval of the Bank of Italy, in the case of Subordinated Notes) on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:*
 - (i) Partial Redemption of Bearer Notes: If Bearer Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed, and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
 - (ii) Partial Redemption of Registered Notes: If Registered Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Option Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date.
- (e) *Redemption at the option of Noteholders:*

This provision is not applicable to Subordinated Notes.

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of any Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Agent such Note together, in the case of Bearer Notes, with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The Agent with which a Note is so deposited shall immediately notify the Issuer and shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition 10(e), the depositor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.

(f) *Regulatory Event Redemption of Subordinated Notes:* If a Regulatory Call is specified in the applicable Final Terms and if Intesa Sanpaolo notifies the Noteholders immediately prior to the giving of notice of a Regulatory Event, the relevant Issuer may redeem such Subordinated Notes, in whole but not in part, at the Regulatory Event Redemption Amount specified in the applicable Final Terms, together with any accrued but unpaid interest to the date fixed for redemption, provided that (to the extent required by applicable law or regulation):

- (A) Intesa Sanpaolo has given not less than the minimum period nor more than the maximum period of notice to the Trustee, the Agent and the Noteholders of such Subordinated Notes (such notice being irrevocable) specifying the date fixed for such redemption; and
- (B) the circumstance that entitles the relevant Intesa Sanpaolo to exercise this right of redemption of the relevant Subordinated Notes was not (in the opinion of Intesa Sanpaolo) reasonably foreseeable at the relevant Issue Date.

"Regulatory Event" means where Intesa Sanpaolo determines (after consultation with the Relevant Authority and, if so required, subject to its approval) that as a result of a change in Italian law or Applicable Banking Regulations or any change in the official application or interpretation thereof (including as a result of the implementation or applicability in Italy on or after the Issue Date of CRD IV), such Subordinated Notes are fully excluded from Tier 2 Capital (other than as a result of any applicable limitation on the amount of such capital) for the purposes of (1) the capital adequacy requirements of the Relevant Authority or (2) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union.

Upon the expiry of such notice period, Intesa Sanpaolo shall be bound to redeem the Subordinated Notes accordingly.

"Applicable Banking Regulations" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Relevant Jurisdiction including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the relevant Issuer).

"CRD IV" means the Capital Requirements Directive and Capital Requirements Regulation.

"Relevant Authority" means, (i) in respect of Intesa Sanpaolo, the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) having the responsibility of making such decisions, (ii) in respect of INSPIRE, the Central Bank of Ireland or other governmental authority in the Republic of Ireland (or other country in which the Issuer is then domiciled) having the responsibility of making such decisions, or (iii) in respect of SEB, the CSSF or other governmental authority in the Grand Duchy of Luxembourg (or other country in which the Issuer is then domiciled) having the responsibility of making such decisions.

"Relevant Jurisdiction" means (i) in respect of Intesa Sanpaolo, Italy, (ii) in respect of INSPIRE, the Republic of Ireland, or (iii) in respect of SEB, the Grand Duchy of Luxembourg.

"Tier 2 Capital" has the meaning given to it by (i) the Relevant Authority from time to time or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable.

(g) *Redemption for Indexation Reasons:* In the case of Index Linked Interest Notes or Index Linked Redemption Notes (unless the contrary appears within the applicable Final Terms):

- (i) if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders and if the Expert fails within 30 days after its appointment, or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 8(c), the Issuer shall, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their principal amount multiplied by the Index Ratio (or Limited Index Ratio in the case of Limited Index Linked Notes), applicable to the date on which the date fixed for redemption falls, together with accrued interest; or

- (ii) if the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer and if the Expert fails within 30 days after its appointment, or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 8(c), the Issuer may at its option, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their principal amount multiplied by the Index Ratio or Limited Index Ratio (in the case of Limited Index Linked Notes) applicable to the date on which the date fixed for redemption falls, together with accrued interest.
- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.
- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(h) or, if none is so specified, a Day Count Fraction of Actual/Actual (or 30/360 if such request is made to and accepted by the respective Issuer).

- (j) *Purchase:* The Issuer and the Guarantor (where applicable) may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith. Such Notes may be held, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation. Any purchase by the Issuer or Guarantor of Subordinated Notes is subject to the provisions of the Bank of Italy in the case of Subordinated Notes.
- (k) *Cancellation:* All Notes so redeemed by the Issuer or the Guarantor (where applicable) and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.
- (l) *Redemption Amount:* For the avoidance of doubt, in no event will the Redemption Amount of any Notes issued by Intesa Sanpaolo be lower than the principal amount of the Notes.

11. Payments

Payments under Bearer Notes

- (a) *Principal:* Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest:* Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*) be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer and (where applicable) the Guarantor have appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment on redemption without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment such missing Coupons shall become void.

Each sum of principal deducted pursuant to (i) above shall be paid in the manner provided in paragraph (a) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void:* If the relevant Final Terms specifies that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments in New York City*) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

Payments under Registered Notes

- (k) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (l) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (m) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Registered Holders in respect of such payments.
- (n) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Registered Holder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition arriving after the due date for payment or being lost in the mail.
- (o) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the relevant Issuer, failing which the Guarantor, shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (p) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

12. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons (if any) by or on behalf of the Issuer and, where applicable, the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, present or future, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy, Ireland (where the Issuer is

INSPIRE) or Luxembourg (where the Issuer is SEB), or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any payment of any interest or principal either:

- (i) (in respect of payments by Intesa Sanpaolo) for or on account of Imposta Sostitutiva (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 (as amended), the "**Legislative Decree No. 239**") or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21st November, 1997 (as amended by Italian Legislative Decree No. 201 of 16th June, 1998) (as any of the same may be amended or supplemented) or any related implementing regulations and in all circumstances in which the procedures set forth in Legislative Decree No. 239 in order to benefit from a tax exemption have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of Intesa Sanpaolo or its agents; or
- (ii) with respect to any Notes or Coupons presented for payment:
 - (A) in the Republic of Italy (in respect of Notes issued by Intesa Sanpaolo) or (in respect of Notes issued by INSPIRE) Ireland or (in respect of Notes issued by SEB) Luxembourg; or
 - (B) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Republic of Italy (in respect of Notes issued by Intesa Sanpaolo) or (in respect of Notes issued by INSPIRE) Ireland or (in respect of Notes issued by SEB) Luxembourg other than the mere holding of such Note or Coupon; or
 - (C) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so; or
 - (D) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such Note or Coupon for payment on such thirtieth day assuming that day to have been a Business Day; or
 - (E) (in respect of Notes issued by Intesa Sanpaolo) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a tax haven country (as defined and listed in the Ministry of Finance Decree of 23rd January, 2002 as amended from time to time)

or which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy; or

- (F) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30th September, 1983, as amended and supplemented from time to time; or
 - (iii) where such withholding or deduction is imposed on a payment to an individual or to a residual entity (within the meaning of the EU Savings Tax Directive) and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or the agreements concluded by Luxembourg with several dependant or associated territories in this context; or
 - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to a Paying Agent in another Member State of the European Union.
- (b) *Taxing jurisdiction:* If payments made by the Issuer or (if applicable) the Guarantor become subject to withholding tax as a result of the Issuer or Guarantor becoming resident, whether for tax purposes or otherwise, in any taxing jurisdiction other than the Republic of Italy, Ireland or Luxembourg as applicable, references in these Conditions to the Republic of Italy, Ireland or Luxembourg shall be construed as references to such other jurisdiction instead of the Republic of Italy, Ireland or Luxembourg. For the avoidance of doubt, the relevant Issuer or (if applicable) the Guarantor will have no obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 if withholding is imposed under those rules as a result of the failure by any person other than the relevant Issuer or (if applicable) the Guarantor or any of their agents to establish that they are able to receive payments free of such withholding.

13. **Events of Default**

(a) **Events of Default – Unsubordinated Notes**

This Condition 13(a) is applicable only in relation to Unsubordinated Notes.

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or provided with security to its satisfaction) (but, in the case of the happening of any of the events mentioned in sub-paragraphs (iii), (iv), (v), (vi),(vii) and (viii), only if the Trustee shall have certified in writing to the Issuer and, where applicable, the Guarantor that such event is, in its opinion, materially prejudicial to the interest of the Noteholders) give written notice to the Issuer and, where applicable, the Guarantor declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and

payable at their Early Termination Amount together with accrued interest without further action or formality:

- (i) *Non-payment*: a default is made for more than 15 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of the interest or principal in respect of any of the Notes of the relevant Series; or
- (ii) *Insolvency*: the Issuer or, where applicable, the Guarantor shall:
 - (A) be adjudicated or found bankrupt or insolvent; or
 - (B) become subject (in the case of Intesa Sanpaolo) to an order for "*Liquidazione Coatta Amministrativa*" or "*Liquidazione*" (within the meanings ascribed to those expressions by the laws of the Republic of Italy in force as at the date hereof) or (in the case of any of Intesa Sanpaolo, INSPIRE or SEB) otherwise become subject to or initiate or consent to judicial or administrative proceedings relating to itself under any applicable insolvency, liquidation, composition, reorganisation or other similar laws (otherwise than for the purposes of an Approved Reorganisation (as defined below) or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders); or
 - (C) (in the case of Intesa Sanpaolo) be submitted to an "*Amministrazione Straordinaria*" (within the meaning ascribed to that expression by the laws of the Republic of Italy) proceeding; or
 - (D) cease generally to pay its debts or admit in writing its inability to pay its debts as they mature; or
 - (E) enter into, or pass any resolution for, or become subject to any order by any competent court or administrative agency in relation to:
 - (1) any arrangement with its creditors generally or any class of creditors; or
 - (2) the appointment of an administrative or other receiver, administrator, trustee or other similar official in relation to the Issuer or, where applicable, the Guarantor or the whole or substantially (in the opinion of the Trustee) the whole of its undertaking or assets; or
 - (F) be wound up or dissolved (otherwise than for the purposes of an Approved Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders); or
- (iii) *Unsatisfied judgment*: the Issuer or, where applicable, the Guarantor fails to pay a final judgment of a court of competent jurisdiction within 30 days from the entering thereof or an execution is levied on or enforced upon or sued out in pursuance of any judgment against the whole or a substantial (in the opinion

of the Trustee) part of the assets or property of the Issuer or, where applicable, the Guarantor; or

- (iv) *Encumbrancer, etc:* an encumbrancer takes possession of, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, the whole or a substantial (in the opinion of the Trustee) part of the undertaking or assets of the Issuer or, where applicable, the Guarantor; or
- (v) *Cessation of business:* the Issuer or, where applicable, the Guarantor shall cease or threaten to cease to carry on the whole or substantially (in the opinion of the Trustee) the whole of its business (other than for the purposes of an Approved Reorganisation or on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or
- (vi) *Security enforced:* the security for any debenture, mortgage or charge securing indebtedness in excess of €50,000,000 (or its equivalent in any other currency or currencies) of the Issuer or, where applicable, the Guarantor shall become enforceable and the holder or holders thereof shall take any legal proceedings to enforce the same; or
- (vii) *Cross-default of the Issuer/Guarantor:* any Indebtedness for Borrowed Money of the Issuer or, where applicable, the Guarantor, or any guarantee or indemnity given by the Issuer or, where applicable, the Guarantor in respect of any Indebtedness for Borrowed Money of any other person, where the aggregate principal amount (including any premium payable on repayment or at maturity) is in excess of €50,000,000 (or its equivalent in any other currency or currencies) (a) in the case of any such guarantee or indemnity, shall not be honoured when due and called or (b) in the case of any Indebtedness for Borrowed Money either (i) shall become repayable prior to the due date for payment thereof by reason of default (howsoever described) by the Issuer or, where applicable, the Guarantor or (ii) shall not be paid on the due date for repayment or shall not be repaid at maturity as extended by any applicable grace period therefor, as the case may be; or
- (viii) *Breach of other obligations:* default is made by the Issuer or, where applicable, the Guarantor in the performance or observance of any obligation, condition or provision binding on it under these Conditions, the Trust Deed or the Agency Agreement (other than any obligation for payment of any principal moneys or interest in respect of the Notes) and (except in any case where the default is incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) such default continues for 30 days after written notice thereof addressed to the Issuer or, where applicable, the Guarantor by the Trustee has been delivered to the Issuer or, where applicable, the Guarantor requiring the same to be remedied; or
- (ix) *Guarantee of the Notes:* where applicable, the Guarantee of the Notes is not, or is claimed by the Guarantor not to be, in full force and effect.

In these Conditions, "**Approved Reorganisation**" means a solvent and voluntary reorganisation involving, alone or with others, the Issuer or, as applicable, the

Guarantor, and whether by way of consolidation, amalgamation, merger, transfer of all or substantially all of its business or assets, or otherwise *provided that* the principal resulting, surviving or transferee entity (a "**Resulting Entity**") is a banking company and effectively assumes all the obligations of the Issuer or, as applicable, the Guarantor, under, or in respect of, the Notes or, as applicable, the Guarantee of the Notes.

(b) **Events of Default: Subordinated Notes**

This Condition 13(b) is applicable only in relation to Subordinated Notes.

- (i) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or in relation to the Notes *provided that* the Issuer shall not by virtue of the institution of any such proceedings, other than proceedings for the bankruptcy, dissolution, liquidation, or winding-up, or for an order for *Liquidazione Coatta Amministrativa* of Intesa Sanpaolo in the Republic of Italy, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Trustee shall not in any event be bound to take any of the actions referred to in this Condition unless it shall have been so requested in writing by the holders of at least one quarter of the principal amount of the Notes outstanding or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

- (ii) The Trustee may, at its discretion, or if so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (subject to the Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction), shall give written notice to the Issuer and, where applicable, the Guarantor declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their original outstanding principal amount on issue together with interest accrued as provided in the Trust Deed upon the occurrence of any of the following events (each an "**Event of Default**"):

- (A) the Issuer or, if applicable, the Guarantor fails to pay any amount of principal or interest on the date on which the same has become due and payable in accordance with these Conditions and/or the Trust Deed; or
- (B) on any Interest Payment Date that is not an Optional Interest Payment Date, the Issuer or, if applicable, the Guarantor fails to pay interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date; or
- (C) in the event of the bankruptcy, dissolution, liquidation or winding-up of the Issuer or (where applicable) the Guarantor or if (where applicable) the Guarantor becomes subject to an order for *Liquidazione*

Coatta Amministrativa (otherwise than for the purpose of an Approved Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders).

- (iii) No remedy against the Issuer or (where applicable) the Guarantor other than (i) as provided by this Condition 13(b) or (ii) the instituting of proceedings for the bankruptcy, dissolution, liquidation or winding-up of the Issuer or (where applicable) the Guarantor or for an order for *Liquidazione Coatta Amministrativa* in respect of the Guarantor shall be available to the Trustee on behalf of the Noteholders or the Couponholders whether for the recovery of amounts owing under or in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer or (where applicable) the Guarantor of any of its obligations under the Trust Deed or in relation to the Notes or the Coupons or otherwise.
- (iv) No Noteholder or Couponholder shall be entitled to proceed against the Issuer or (where applicable) the Guarantor unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure shall be continuing and only to the extent that the Trustee would have been entitled to do so.

14. **Prescription**

Claims against the Issuer or the Guarantor for payment of principal and interest in respect of the Notes or under the Guarantee of the Notes, as the case may be, will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent or, in the case of Registered Notes the Registrar, (and, if the Notes are then listed on any stock exchange which requires the appointment of an Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Trustee and Agents**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceeds to enforce payment unless indemnified and/or secured and/or prefunded to its satisfaction, and to be paid its costs and expenses in priority to the claims of Noteholders. The Trustee is entitled to enter into business transactions with the Issuer and, where applicable, the Guarantor and any entity related to the Issuer or, where applicable, the Guarantor without accounting for any profit.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and, where applicable, the Guarantor or, following the occurrence of an Event of Default, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and, where applicable, the Guarantor reserve the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or Calculation Agent and additional or successor paying agents; *provided, however, that:*

- (a) the Issuer and, where applicable, the Guarantor shall at all times maintain a Principal Paying Agent and a Registrar;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and, where applicable, the Guarantor shall at all times maintain a Calculation Agent;
- (c) if and for so long as the Notes are listed or admitted to trading on any stock exchange or admitted to listing by any other relevant authority for which the rules require the appointment of an Agent in any particular place, the Issuer and, where applicable, the Guarantor shall maintain an Agent having its Specified Office in the place required by the rules of such stock exchange;
- (d) the Issuer and (where applicable) the Guarantor undertake that they shall maintain a Paying Agent outside of the Republic of Italy and (in respect of Notes issued by INSPIRE) outside of Ireland; and
- (e) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

17. Meetings of Noteholders; Modification and Waiver; Substitution; Additional Issuers

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions, the terms of the Notes, and the Trust Deed. The modification of certain terms, including, *inter alia*, the status of the Notes and the Coupons, the rate of interest payable in respect of the Notes, the principal amount thereof, the currency of payment thereof, the date for repayment of the Notes and any date for payment of, or the method of determining the rate of, interest thereon, may only be effected at a meeting of Noteholders to which special quorum provisions apply. Any resolution duly passed at a meeting of

Noteholders shall be binding on all the Noteholders and all the Couponholders, whether present or not.

- (b) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (except as aforesaid) of these Conditions, the Trust Deed, the Notes, and the Coupons and may waive or authorise any breach or proposed breach by the Issuer or, where applicable, the Guarantor of any of the provisions of these Conditions, the Trust Deed, the Notes, and the Coupons which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders and may agree, without consent as aforesaid, to any modification which is of a formal, minor or technical nature or is made to correct a manifest error.
- (c) The Trustee may (and in the case of an Approved Reorganisation shall) agree with the Issuer (or any previous substitute) and the Guarantor at any time without the consent of the Noteholders or Couponholders:
 - (i) to the substitution in place of INSPIRE or SEB (or of any previous substitute) as principal debtor under the Notes, the Coupons and the Trust Deed by Intesa Sanpaolo or another subsidiary of Intesa Sanpaolo (the "**Substitute**"); or
 - (ii) to an Approved Reorganisation; or
 - (iii) that INSPIRE or SEB (or any previous substitute) or Intesa Sanpaolo may, other than by means of an Approved Reorganisation, consolidate with, merge into or amalgamate with any Successor Company (as defined in the Trust Deed),

provided that:

- (i) where (in the case of substitution) the Substitute is not Intesa Sanpaolo or (in the case of an Approved Reorganisation) the assumption of the obligations of INSPIRE and/or SEB is by a Resulting Entity other than Intesa Sanpaolo or (in the case of a consolidation, merger or amalgamation) the assumption of the obligations of INSPIRE and/or SEB is by a Successor Company other than Intesa Sanpaolo, the obligations of the Substitute or such other entity under the Trust Deed and the Notes and the Coupons shall be irrevocably and unconditionally guaranteed by Intesa Sanpaolo (on like terms as to subordination, if applicable) to those of the Guarantee of the Notes;
- (ii) (other than in the case of an Approved Reorganisation) the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced thereby; and
- (iii) certain other conditions set out in the Trust Deed are satisfied.

Upon the assumption of the obligations of an Issuer by a Substitute or of an Issuer by a Resulting Entity or of an Issuer by a Successor Company, INSPIRE, SEB or, as the case may be, Intesa Sanpaolo shall (subject to the

provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the Notes or the Coupons.

Any such assumption shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require.

The Trust Deed provides that any such substitution, Approved Reorganisation or consolidation, merger or amalgamation shall be notified to the Noteholders in accordance with Condition 19 (*Notices*). In the case of a substitution, the relevant Issuer shall notify the Luxembourg Stock Exchange thereof and prepare, or procure the preparation of, a supplement to the Prospectus in respect of the Programme.

- (d) In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, replacement, transfer or substitution as aforesaid):
 - (i) the Trustee shall have regard to the interests of the Noteholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory; and
 - (ii) the Trustee shall not be entitled to claim from the Issuer or, where applicable, the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for by Condition 12 (*Taxation*) or by any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.
- (e) The Trustee may also agree, without the consent of the Noteholders or the Couponholders, to the addition of another company as an issuer of Notes under the Programme and the Trust Deed. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof as the Trustee may require.

18. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects other than the Issue Date, Issue Price and/or Interest Commencement Date and/or the first payment of interest) so as to form a single series with the Notes.

19. Notices

To Holders of Bearer Notes

Notices to the Holders of Bearer Notes shall be valid if published (i) in a leading English language daily newspaper published in London (which is expected to be the

Financial Times), (ii) if and for so long as the Notes are listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in each of the above cases, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

To Registered Holders

Notices to the Registered Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed or admitted to trading on a stock exchange and the rules of that stock exchange so require, notices to Registered Holders will be published on the date of such mailing in a daily newspaper of general circulation in the place or places required by that stock exchange (which, in the case of the Luxembourg Stock Exchange, such place will be Luxembourg and such newspaper is expected to be the *Luxemburger Wort*) or, in the case of the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.bourse.lu).

To Holders of Notes held in a clearing system

While all the Notes are represented by a Global Note and the Global Note is deposited with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system or a common safekeeper for Euroclear and/or Clearstream, Luxembourg, as the case may be, notices to Noteholders may (to the extent permitted by the rules of the Luxembourg Stock Exchange or any other exchange on which the Notes are then listed or admitted to trading) be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Any such notices shall be deemed to have been given to the Noteholders on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Third Party Rights**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

22. **Governing Law and Jurisdiction**

- (a) The Trust Deed and the rights and obligations in respect of the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with each of the foregoing, are governed by, and shall be construed in accordance with, English law, save that the subordination provisions applicable to the Subordinated Notes described in Conditions 4 (*Status of the Notes*) and Clauses 4 (*The Notes; Subordinated Notes*) and any non-contractual obligations arising out of or in connection with such provisions, shall be governed by the laws of the Republic of Italy. For the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg law on commercial companies dated 10th August, 1915, as amended shall not apply to the Notes or the holders of the Notes issued by SEB.
- (b) In the Trust Deed, each of Intesa Sanpaolo, INSPIRE and SEB has irrevocably agreed for the benefit of the Noteholders that the courts of England are to have jurisdiction to hear and determine any suit, action or proceedings and to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Trust Deed and the Notes and the Coupons (including any non-contractual obligations arising out of or in connection with the foregoing) (respectively "**Proceedings**" and "**Disputes**") and for such purposes have irrevocably submitted to the non-exclusive jurisdiction of such courts.
- (c) *Appropriate forum:* In the Trust Deed each of Intesa Sanpaolo, INSPIRE and SEB has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and has agreed not to claim that any such court is not a convenient or appropriate forum.
- (d) *Process Agent:* In the Trust Deed, each of Intesa Sanpaolo, INSPIRE and SEB has agreed that the documents which start any Proceedings or any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Intesa Sanpaolo S.p.A., London Branch which is presently at 90 Queen

Street, London EC4N 1SA or its address for the time being. If such person is not or ceases to be effectively appointed to accept service of process on INSPIRE and SEB's behalf or is not or ceases to be registered in England, Intesa Sanpaolo, INSPIRE and SEB have agreed in the Trust Deed that they shall, on the written demand of the Trustee or, failing the Trustee, any Noteholder, addressed to the relevant Issuer and delivered to the relevant Issuer or to the specified office of the Principal Paying Agent, appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, the Trustee or, failing the Trustee, any Noteholder, shall be entitled to appoint such a person by written notice addressed to each of the Issuers or to the specified office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of the Trustee or, failing the Trustee, any Noteholder, to serve process in any other manner permitted by law.

- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether currently or not) if and to the extent permitted by law.
- (f) *Consent to enforcement etc.:* In the Trust Deed, each of Intesa Sanpaolo, INSPIRE and SEB has consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Bearer Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Bearer Global Note which, for so long as the Bearer Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Registered Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Registered Global Note is for the time being registered in the Register which, for so long as the Registered Global Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Bearer Global Note or a Registered Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer or the Guarantor to the holder of such Bearer Global Note or Registered Global Note and in relation to all other rights arising under such Bearer Global Note or Registered Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Bearer Global Note or Registered Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Bearer Global Note or Registered Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the holder of such Bearer Global Note or Registered Global Note.

Conditions applicable to Global Notes

Each Bearer Global Note and Registered Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to such Bearer Global Note or Registered Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Bearer Global Note or Registered Global Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Bearer Global Note or Registered Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the

Notes. On each occasion on which a payment of principal or interest is made in respect of the Bearer Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Bearer Global Note, or a Registered Global Note, a "Payment Business Day" shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Registered Global Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where "Clearing System Business Day" means a day on which each clearing system for which the Registered Global Note is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Registered Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Registered Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Registered Global Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Registered Global Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated []

**[Intesa Sanpaolo S.p.A./
Intesa Sanpaolo Bank Ireland p.l.c./
Société Européenne de Banque S.A.]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
(Notes issued by INSPIRE or SEB only) [Guaranteed by

Intesa Sanpaolo S.p.A.]

**under the €70,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [26th October], 2012 [and the supplement to the Prospectus dated []], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC), as amended (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EU, the "**2010 PD Amending Directive**", to the extent such amendments have been implemented in a relevant Member State. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [and the supplement dated []]. The Prospectus [and the supplement] [is/are] available for viewing at the registered office[s] of the Issuer at [3rd Floor, KBC House, 4 George's Dock, IFSC Dublin, Ireland and of the Guarantor at]/[19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours of any weekday (Saturdays and bank holidays excepted) and free of charge. The Prospectus [and the supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [date of original prospectus]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC), as amended (the "**Prospectus**

Directive") which includes the amendments made by Directive 2010/73/EU, the "**2010 PD Amending Directive**", to the extent such amendments have been implemented in a relevant Member State and must be read in conjunction with the Prospectus dated [26th October], 2012 [and the supplement to the Prospectus dated []], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [*date of original prospectus*] and [26th October], 2012 [and the supplement dated []]. The Prospectuses [and the supplement] are available for viewing at the registered office[s] of the Issuer at [3rd Floor, KBC House, 4 George's Dock, IFSC Dublin, Ireland and of the Guarantor at]/[19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours of any weekday (Saturdays and bank holidays excepted) and free of charge. The Prospectuses [and the supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

*[Include whichever of the following apply or specify as "**Not Applicable**" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

[When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

1. (i) Series Number: []

(ii) Tranche Number: []

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).

The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [*date*]]

2. Specified Currency or Currencies: []

3. Aggregate Nominal Amount:

(i) Series: []

- (ii) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from (*insert date, if applicable*)]
5. [(i)] Specified Denominations: [] [and integral multiples of [] in excess thereof up to and including []. No Notes in definitive form will be issued with a denomination above [].]
- (Unless paragraph 24 (Form of Notes) below specifies that the Global Note is to be exchanged for Definitive Notes "in the limited circumstances described in the Permanent Global Note", Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. Where paragraph 21 (Form of Notes) does so specify, Notes may be issued in denominations of €100,000 and higher integral multiples of €1,000 up to a maximum of €199,000, as applicable. In such circumstances, insert the wording below)*
- [(ii)] Specified Minimum Amounts: [] [*For Registered Notes only.*]
- [(iii)] Specified Increments: [] [*For Registered Notes only.*]
- (iv) Calculation Amount: [] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.*)
6. (i) Issue Date: []
- (ii) Interest Commencement Date (if different from the Issue Date): [*Specify/Issue Date/Not Applicable*]

7. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]*
8. Interest Basis: [% Fixed Rate]
- [[specify reference rate] +/- []% Floating Rate]*
- [Zero Coupon]
- [Retail Index-Linked Interest]
- [Floating Rate: CMS Linked Interest]
- (further particulars specified below)
9. Redemption/Payment Basis: [Redemption at par]
- [Retail Index-Linked Redemption]
- [N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.]*
10. Change of Interest Redemption/Payment Basis: or *[Specify the date when any fixed or floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there]*
11. Put/Call Options: [Investor Put]
- [Issuers Call]
- [(further particulars specified below)]

12. (i) Status of the Notes: [Senior/Subordinated]
- (ii) [Status of the Guarantee: [Applicable/Not Applicable]]¹
Senior
- (iii) [Date of Deed of Guarantee: []]
(N.B. For a guaranteed issuance, a separate Deed of Guarantee has to be entered into upon each issuance of Notes – see form of Deed of Guarantee in the Trust Deed)

(N.B. If the issue is a fungible issue state that the issue will be covered by a Deed of Guarantee entered into on [date] in relation to the first issue of the Series)
- (iv) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee of the Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year

(N.B. This will need to be amended in the case

¹ N.B. – This will always be applicable if Notes are issued by Intesa Sanpaolo Bank Ireland p.l.c. / Société Européenne de Banque S.A.

of any long or short coupons.)

- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)]
- (v) Broken Amount(s): [] per Calculation Amount payable on the Interest Payment Date [in/on] []

14. **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)

- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) First Interest Payment Date []
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

(Note that this item adjusts the end date of each Interest Period (and consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Conditions 11(g) and (n) (Payments on business days) and the defined term "Payment Business Day".)

- (iv) Additional Business Centre(s): [Not Applicable/London / Rome / Hong Kong/ New York / Singapore]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): *[[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]*

(vii) Screen Rate Determination:

- Reference Rate: *[For example, LIBOR or EURIBOR]/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepner CMS Reference Rate: [Unleveraged/Leveraged]/Call CMS Reference Rate]*

Reference Currency: []

Designated Maturity: []/[The CMS Rate having a Designated Maturity of [] shall be "**CMS Rate 1**" and the CMS Rate having a Designated Maturity of [] shall be "**CMS Rate 2**"]

(Where more than one CMS Rate, specify the Designated Maturity for each relevant CMS Rate)

- Relevant Screen Page: *[For example, Reuters EURIBOR 01]*

(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)

- Interest Determination Date(s): []

(In the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 system is open prior to the start of each interest Period]

(In the case of a CMS Rate where the Reference Currency is other than euro): [Second (specify type of day) prior to the start of each Interest Period]

- Relevant Time: *[For example, 11.00 a.m. London time/Brussels time]*

- Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*

CMS Rate definitions: [Cap means [] per cent. per annum]

[Floor means [] per cent. per annum]

[Leverage means [] per cent.]

(viii) ISDA Determination:

- Floating Rate Option: []

- Designated Maturity: []

- Reset Date: []

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of a CMS Linked Interest Note, if based on euro then the first day of each Interest Period and if otherwise to be checked)

(ix) Margin(s): [+/-][] per cent. per annum

(x) Minimum Rate of Interest: [] per cent. per annum

(xi) Maximum Rate of Interest: [] per cent. per annum

(xii) Day Count Fraction: [Actual/Actual (ICMA)

Actual/Actual (ISDA)

Actual/365 (Fixed)

Actual/365 (Sterling)

Actual/360

30/360

30E/360

15. Zero Coupon Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Accrual Yield: [] per cent. per annum

(ii) Reference Price: []

(iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(g) (Early redemption of Zero Coupon Notes)]*

16. Inflation Linked Interest Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

(i) Index: [HCIP/ UK RPI]

(ii) Index Figure: [] *[Specify the relevant Index Figure]*

(iii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): *[name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]*

(iv) Determination Date(s): []

(v) Interest or calculation period(s): []

(vi) Specified Period(s)/Specified Interest Payment Dates: []

(vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 11(g) and (n)(Payments on business days) and the defined term "Payment Business Day".)

(viii) Additional Business Centre(s): []

(ix) Minimum Rate of Interest: [] per cent. per annum

(x) Maximum Rate of Interest: [] per cent. per annum

(xi) Day Count Fraction: []

(xii) Minimum Indexation Factor: [Not Applicable/ specify]

(xiii) Maximum Indexation Factor: [Not Applicable/ specify]

- (xiv) Limited Indexation Month(s) []
or Period for calculation of
Limited Indexation Factor:
- (xv) Limited Indexation Month []
Reference Period:
- (xvi) Commencement Date of the [] *[Specify the relevant commencement
Index: month of the retail price index]*
- (xvii) Base Index Figure on [] *[Specify the relevant commencement
Commencement Date of the month of the retail price index]*
Index:
- (xviii) Interpolation: [Applicable/Not Applicable]
- (xix) Indexation Month Reference []
Period X:
- (xx) Indexation Month Reference []
Period Y:
- (xxi) Base Index Figure (Condition []
8):
- (xxii) Reference Bond: []

PROVISIONS RELATING TO REDEMPTION

17. Call Option [Applicable/Not Applicable]

*(If not applicable, delete the remaining
sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s) []
(Call):
- (ii) Optional Redemption [] per Calculation Amount
Amount(s) (Call) and
method, if any, of calculation

of such amount(s):

(iii) If redeemable in part:

(a) Minimum Redemption [] per Calculation Amount
Amount:

(b) Maximum Redemption [] per Calculation Amount
Amount:

(iv) Notice period: []

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

18. Put Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption []
Date(s):

(ii) Optional Redemption [] per Calculation Amount
Amount(s):

(iii) Notice period: []

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or

Trustee)

19. Final Redemption Amount

[[] per Calculation Amount/ Retail Index Linked Redemption Note - See Condition 8(a) and item 16]

[N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.]

20. Early Redemption Amount

Early Redemption Amount(s) payable on redemption for taxation, indexation or regulatory reasons, or on event of default:

[Not Applicable (if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)] [Retail Index Linked Redemption Note - See Condition 10(g) and item 16]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:

[Bearer Notes]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on 60 days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note].

[Registered Notes]

[Registered Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

[In relation to any issue of Notes which are "exchangeable to Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Note", such Notes may only be issued in denominations equal to or greater than, €100,000 or, at the option of the Issuer.]

22. New Global Note Form: [Yes/No]
23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/ London / Rome / Hong Kong/ New York / Singapore (*Note that this paragraph relates to the place of payment, and not interest period end dates, to which paragraphs 14(iv) and 16(ix) relate*)]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue [and admission to trading]² of the Notes described herein pursuant to the €70,000,000,000 Euro Medium Term Note Programme of Intesa Sanpaolo S.p.A., Intesa Sanpaolo Bank Ireland p.l.c. and Société Européenne de Banque S.A. [guaranteed, in respect of the Notes issued by Intesa Sanpaolo Bank Ireland p.l.c. and Société Européenne de Banque S.A., by Intesa Sanpaolo S.p.A.]³

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. To the best of the knowledge of [each of] the Issuer [and the Guarantor], having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

[[] has been extracted from []. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

² Delete if the Notes are unlisted.

³ Delete if the Notes are issued by Intesa Sanpaolo S.p.A. and therefore not subject to a Deed of Guarantee.

Signed on behalf of the Issuer:

By:
Duly authorised

[Signed on behalf of the Guarantor:

By:
Duly authorised

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

1. (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading on [] with effect from [].]/[Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (iii) Estimate of total expenses []
related to admission for
trading

2. RATINGS

Ratings: The Notes to be issued [[have been]/[are expected]] to be rated:

[S & P's: []]

[Moody's: []]

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

(The above disclosure should reflect the

rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[Insert legal name of particular credit rating agency entity providing rating] is established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**").

3. **NOTIFICATION**

The *[include name of competent authority in EEA home Member State]* *[has been requested to provide/has provided]* *[include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues]* the *[include names of competent authorities of host Member States]* with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

4. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:]

Save for any fees payable to the *[Managers/Dealers]*, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. *(Amend as appropriate if there are other interests)*

[When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: []

(See "Use of Proceeds" wording in Prospectus. If reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here.)]

[(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

[(iii) Estimated total expenses: [Include breakdown of expenses]⁴

[6. ***[Fixed Rate Notes only]* YIELD**

Indication of yield: []

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

[7. ***[Floating Rate Notes and CMS Index Linked Interest Notes only]* HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

⁴ Only required if the Notes are derivative securities to which Annex XII to the Prospectus Directive Regulation applies. If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.

[8] **OPERATIONAL INFORMATION**

ISIN Code: []

Common Code: []

Intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for Registered Notes held in NSS*]] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form*]

[*Include this text if "Yes" selected, in which case the Notes must be issued in NGN form*]

Any clearing system(s) other than Euroclear Bank S.A./N.V. [./and] Clearstream Banking, société anonyme and the relevant identification numbers: [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s)(if any): []

DESCRIPTION OF INTESA SANPAOLO S.p.A.

History and organisation of the Group

Intesa Sanpaolo Origins

Intesa Sanpaolo is the result of the merger by incorporation of Sanpaolo IMI S.p.A. with and into Banca Intesa S.p.A. (effective 1st January, 2007).

Banca Intesa S.p.A.

Banca Intesa S.p.A. was originally established in 1925 under the name of La Centrale and invested in the business of the production and distribution of electricity. After the nationalisation of companies in this sector in the early 1960s the company changed its name to La Centrale Finanziaria Generale, acquiring equity investments in various companies in the banking, insurance and publishing sector. The company merged by incorporation with Nuovo Banco Ambrosiano in 1985 and assumed its name and constitutional objects. Following the acquisition of Cassa di Risparmio delle Provincie Lombarde S.p.A. ("**Cariplo**") in January 1998, the Intesa Sanpaolo Group's name was changed to Gruppo Banca Intesa. Then, in 2001, Banca Commerciale Italiana S.p.A. was merged into the Gruppo Banca Intesa and the group's name was changed to "Banca Intesa Banca Commerciale Italiana S.p.A." On 1st January, 2003 the corporate name was changed to "Banca Intesa S.p.A."

Sanpaolo IMI S.p.A.

Sanpaolo IMI S.p.A. ("**Sanpaolo IMI**") was formed in 1998 through the merger of Istituto Mobiliare Italiano S.p.A. ("**IMI**") with and into Istituto Bancario San Paolo di Torino S.p.A. ("**Sanpaolo**").

Sanpaolo originated from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia di San Paolo" began undertaking credit activities and progressively developed into a banking institution during the nineteenth century, becoming a public law credit institution (Istituto di Credito di Diritto Pubblico) in 1932. Between 1960 and 1990, Sanpaolo expanded its network nationwide through a number of acquisitions of local banks and medium-sized regional banks, ultimately reaching the level of a multifunctional group of national importance in 1991 after its acquisition of Crediop. On 31st December, 1991, Sanpaolo became a stock corporation (società per azioni) with the name Istituto Bancario San Paolo di Torino Società per Azioni.

IMI was established as a public law entity in 1931 and during the 1980s it developed its specialist credit and investment banking services and, with Banca Fideuram, its professional asset management and financial consultancy services. IMI became a stock corporation (società per azioni) in 1991.

The merger between Banca Intesa and Sanpaolo IMI and the creation of Intesa Sanpaolo S.p.A.

The boards of directors of Banca Intesa and Sanpaolo IMI unanimously approved the merger of Sanpaolo IMI into Banca Intesa on 12th October, 2006 and the merger became effective on 1st January, 2007. The surviving entity changed its name to Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group.

Legal Status

Intesa Sanpaolo is a company limited by shares, incorporated in 1925 under the laws of Italy and registered with the Companies' Registry of Turin under registration number 00799960158. It is also registered on the National Register of Banks under no. 5361 and is the parent company of "Gruppo Intesa Sanpaolo".

Registered Office

Intesa Sanpaolo's registered office is at Piazza San Carlo 156, 10121 Turin and its telephone number is +39 0115551. Intesa Sanpaolo's secondary office is at Via Monte di Pietà 8, 20121 Milan.

Objects

The objects of Intesa Sanpaolo are deposit-taking and the carrying-on of all forms of lending activities, including through its subsidiaries. Intesa Sanpaolo may also, in compliance with laws and regulations applicable from time to time and subject to obtaining the required authorisations, provide all banking and financial services, including the establishment and management of open-ended and closed-ended supplementary pension schemes, as well as the performance of any other transactions that are incidental to, or connected with, the achievement of its objects.

Share Capital

As at 30th June, 2012, Intesa Sanpaolo's issued and paid-up share capital amounted to €8,545,561,614.72, divided into 16,433,772,336 shares with a nominal value of €0.52 each, in turn comprising 15,501,281,775 ordinary shares and 932,490,561 non-convertible savings shares. Since 30th September, 2012, there has been no change to Intesa Sanpaolo's share capital.

Organisational Structure



(1) Domestic commercial banking

The Intesa Sanpaolo Group is an Italian and European banking and financial services provider, offering a wide range of banking, financial and related services throughout Italy and internationally, with a focus on Central-Eastern Europe and the Middle East and North Africa. Intesa Sanpaolo activities include deposit-taking, lending, asset management, securities trading, investment banking, trade finance, corporate finance, leasing, factoring and the distribution of life insurance and other insurance products.

The Intesa Sanpaolo Group operates through five business units:

- **Banca dei Territori** – this division includes Italian subsidiary banks. It is based on a model that supports and enhances regional brands, upgrades local commercial positioning and strengthens relations with individuals, small businesses, SMEs and non-profit entities. Private banking, bancassurance and industrial credit are also part of this Division.
- **Corporate & Investment Banking** – this division supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions both nationally and internationally. The division acts as a "global partner", with an in-depth knowledge of corporate strategies and a complete range of services. Its main activities include M&As, structured finance and capital markets carried out through Banca IMI as well as leasing, factoring and merchant banking. The division is present in 29 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking. The division operates in the public finance sector through its subsidiary Banca Infrastrutture Innovazione e Sviluppo which acts a global partner for public administration, public utilities and the execution of infrastructure, with product specialists and a dedicated branch network.
- **International Subsidiary Banks** – this division includes the following retail and commercial subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, the Athens branch of Intesa Sanpaolo bank Albania in Greece, CIB Bank in Hungary, Intesa Sanpaolo bank Romania, Banca Intesa in the Russian Federation, banca Intesa Beograd in Serbia, VUB Banka in Slovakia, banca Koper in Slovenia and Pravex-Bank in Ukraine.
- **Eurizon Capital** – this company is the leading asset manager in Italy with approximately 134 billion euro of assets under management.
- **Banca Fideuram** – this company is the leader in Italy in the sector of financial advisors with 4,980 private bankers and 97 domestic branches.

Intesa Sanpaolo in the first half-year 2012

On 20th February 2012, Intesa Sanpaolo finalised the buy back of its subordinated notes for a total nominal value of 1,226 million euros. The transaction involved innovative and non-innovative tier 1 capital instruments placed through public transactions. As a result of the buy back, regulatory core tier 1 capital was increased by virtue of the capital gain deriving from

the purchase of the notes at a price lower than their nominal value. The transaction was also aimed at optimising the structure of regulatory capital through the repurchase of instruments which – pursuant to (already defined) CRD IV approved by the European Commission – will be subject to grandfathering and, thus, progressively excluded from additional tier 1 capital. As a result of the finalisation of the buy back, the Intesa Sanpaolo Group income statement for the first half of 2012 registered a benefit, including the positive impact of the unwinding of interest rate derivatives, of 274 million euro (183 million euro net of taxes).

In March 2012, the sale without recourse of a doubtful loan portfolio totalling - gross of net adjustments - approximately 1,640 million euro was carried out, for a cash price of the sale equal to the book value net of adjustments, i.e., approximately 270 million euro.

In May 2012, Intesa Sanpaolo completed the sale of approximately 14.5 million ordinary shares held in London Stock Exchange Group, corresponding to approximately 5.4% of the Intesa Sanpaolo's share capital, at a price of 9.60 pounds per ordinary share, through placement with qualified institutional investors. The total value was approximately 172 million euro, providing Intesa Sanpaolo with a positive contribution in terms of consolidated net income of approximately 105 million euro. The shares sold constituted Intesa Sanpaolo's entire stake in the London Stock Exchange.

On 26 June 2012, Intesa Sanpaolo launched and completed its ordinary share buy-back programme to serve a free assignment plan reserved to its employees, authorised by the Shareholders' Meeting of 28 May. The buy-back programme was executed on a single day when the Intesa Sanpaolo Group totally purchased - through Banca IMI, in charge of the programme execution - 12,894,692 Intesa Sanpaolo ordinary shares (representing approximately 0.08% of the ordinary share capital) at an average purchase price of 0.97969 euro per share, for a total countervalue of 12,632,743 euro.

At the end of the first half of 2012, the Intesa Sanpaolo Group launched, as part of its 2011-2013 Territorial Plan, a strategy for the reorganisation of brands, aimed at completing the organisational model of Banca dei Territori. This includes rationalisation of the Intesa Sanpaolo Group brands present in the Umbria region, creating a single regional bank named Casse di Risparmio dell'Umbria and directly controlled by Banca CR Firenze. The Bank will be created through a merger by incorporation of Cassa di Risparmio Città di Castello, Cassa di Risparmio di Foligno and Cassa di Risparmio di Terni e Narni into Cassa di Risparmio di Spoleto, which will take on the new name. The Umbrian branches of Banca CR Firenze and Intesa Sanpaolo will subsequently be transferred to Casse di Risparmio dell'Umbria through, respectively, a non-proportional spin-off of a business line of Banca CR Firenze, comprising 17 branches, and the contribution by Intesa Sanpaolo of a business line comprising 10 branches. The share capital of the new bank will include both ordinary and preferred shares. The rights of the latter have been determined by recognising greater rights to those assigned to the preferred shares of Cassa di Risparmio di Foligno and Cassa di Risparmio di Spoleto. Following the merger, Banca CR Firenze will own approximately 96% of the bank, while the remainder will be predominantly held by minority shareholders, namely the previous shareholders of Cassa di Risparmio di Foligno and Cassa di Risparmio di Spoleto. The transaction, subject to authorisation by the Bank of Italy, will be effective at the end of 2012 and aims to rationalise the national organisational structure, improving commercial operations.

Intesa Sanpaolo and the trade unions signed an agreement on 29th July, 2011 to implement the Group's reorganisation as envisaged by the Business Plan 2011 - 2013/15 and the consequent downsizing of staff by at least 3,000. Regarding the relative expenses, an allocation of approximately 700 million euro was made in the 2011 financial statements, discounted and before taxes.

The reform of the pension system introduced by Law Decree 201 of 2011, converted into Law 214 of 2011, significantly modified the regulatory framework. Therefore, pending the final provisions and the necessary adjustments to the agreements reached in the summer of 2011, the allocation in the half-yearly report as at 30th June, 2012 remained unchanged, awaiting new elements that enable a more accurate quantification of the Group's cost.

Discussions with the trade unions are also underway, in order to identify solutions that are consistent with the expected structural redcut.

On 3rd July, 2012, as previously reported, Intesa Sanpaolo's Management Board decided to proceed with the full spin-off of Banca Infrastrutture Innovazione e Sviluppo ("**BIIS**") to Intesa Sanpaolo (credit, commercial and advisory services) and Leasing (leasing activities previously carried out by BIIS in favour of Public Administration). More specifically, BIIS' Client Relationships Department will be integrated into the Corporate and Investment Banking Division ("**CIB Division**") through creation of the Public Finance Department and will provide financing services for infrastructural projects and for the public sector.

This decision follows the new placement of BIIS under the CIB division, aiming to pool the respective skills with a view to rationalisation and simplification in line with the changing economic scenarios. This measure, which will have no impact at the consolidated financial statement level and which will be neutral from a fiscal viewpoint, is subject to the required authorisations by the Bank of Italy and will be completed – once the authorisation and statutory requirements are met – by 1st November 2012, with retroactive accounting and tax effects as at 1st January, 2012.

In light of the recent downgrading of the Italian Republic and of Intesa Sanpaolo, the Group has decided to rationalise its securitisation transactions and its covered bond issues. In June 2012, Intesa Sanpaolo offered the holders of covered bonds ("**CB**") guaranteed by the vehicle ISP CB Pubblico S.r.l. the opportunity to exchange their bonds with new ones guaranteed by the vehicle ISP CB Ipotecario S.r.l., which have a higher rating. In particular:

- the 2 billion euro issue (yield 3.25% and maturity 28th April, 2017), guaranteed by ISP CB Pubblico, was exchanged with a new issue guaranteed by ISP CB Ipotecario, with the same yield and maturity date. The exchange price was 100. The trade, concluded in early July, resulted in the issue of 1.8 billion euro in new securities; and
- the 1.5 billion euro issue (yield 5% and maturity 27th January, 2021), guaranteed by ISP CB Pubblico, was exchanged with a new issue guaranteed by ISP CB Ipotecario, with the same yield and maturity date. The exchange price was 100. The trade, concluded in early July, resulted in the issue of 1.3 billion euro in new securities.

On 15th July, 2012, Intesa Sanpaolo announced an invitation to the holders of specific subordinated and senior notes issued or guaranteed by Intesa Sanpaolo to sell said notes to Intesa Sanpaolo at the cash purchase price. This will enable the Group to optimise the structure of regulatory capital by increasing its Core Tier 1 Capital, as a result of the capital

gain arising from the purchase of the notes tendered at prices below par and, at the same time, give holders the possibility to dispose of their investment at prices higher than the market prices recorded during the period prior to announcement of the invitation.

The transaction was settled on 2nd July, 2012 for a total 1,147,594,344 euro in subordinated notes (corresponding to a total purchase price of approximately 1,000,000,000 euro) and 507,320,000 euro in senior notes (corresponding to a total purchase price of approximately 500,000,000 euro).

As a result of the buy back finalisation, the Intesa Sanpaolo Group net income for third quarter 2012 will register a contribution of approximately 220 million euro, including the positive impact of the unwinding of interest rate derivatives.

Sovereign risk exposure

As at 30th June, 2012, the Intesa Sanpaolo Group's exposure to sovereign debtors was represented by debt securities for 94 billion euro (of which 33 billion euro in securities held in Group insurance companies' portfolios) and by other loans for 24 billion euro. Among these, the exposure to the Italian government totalled 80 billion euro in securities, plus 22 billion euro represented by loans.

As at 31st December, 2011 the securities exposure amounted to around 74 billion euro, whilst other loans totalled 24 billion euro. The increase in the half year was mainly attributable to acquisitions of Italian government securities.

Exposure to Greece

The total sovereign exposure to Greece as at 30th June, 2012 amounted to 73 million euro in terms of nominal value with a book value of 10 million euro, all of which represented new securities issued by Greece and received in implementation of the agreement of 21st February, 2012.

In addition, the Intesa Sanpaolo Group has exposures in bonds of other public and private entities resident in Greece for a nominal value of 40 million euro, with a book value of 27 million euro (20 million euro under Loans and receivables, and 7 million euro under Financial assets available for sale) and with a fair value of 26 million euro, for which the measurement criteria applied in the half year report remained unchanged if compared to the previous reporting dates, without any recognition of impairment losses. Furthermore, loans to Greek parties (banks and other customers) have been disbursed for 86 million euro, in addition to margins available on irrevocable credit lines of 33 million euro.

Management

Supervisory Board

The composition of Intesa Sanpaolo's Supervisory Board is as set out below.

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo
Giovanni Bazoli	Chairman	Deputy Chairman of La Scuola S.p.A.
Mario Bertolissi	Deputy Chairman	Director of Equitalia S.p.A.
Pietro Garibaldi	Deputy Chairman	
Luigi Arturo Bianchi	Member	Director of Benetton Group S.p.A.
Gianfranco Carbonato	Member	Chairman and Managing Director of Prima Industrie S.p.A. Chairman of Finn-Power OY Chairman of Prima Electro S.p.A. Chairman of Prima Power North America Inc. Director of Prima Power Chine Co. Ltd. Director Iren S.p.A. Director of Fondo Italiano di Investimento SGR S.p.A.
Rosalba Casiraghi	Member	Chairman of the Board of Statutory Auditors of Non Performing Loans S.p.A. Chairman of the Board of Statutory Auditors of Banca CR Firenze S.p.A. Chairman of the Board of Statutory Auditors of Nuovo Trasporto Viaggiatori S.p.A. Director of Luisa Spagnoli S.p.A. Director of Spa.Im S.r.l.

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo
		<p>Director of Spa.Pi S.r.l.</p> <p>Director of Spa.Ma S.r.l.</p> <p>Director of Biancamano S.p.A.</p> <p>Director of NH Hoteles SA</p> <p>Managing Director of Costruzione Gestione Progettazione – Co.Ge.Pro S.p.A.</p> <p>Sole Director of Rating S.r.l.</p>
Franco Dalla Sega	Member	<p>Chairman of Mittel S.p.A.</p> <p>Director of RCS Mediagroup S.p.A.</p>
Jean Paul Fitoussi	Member	Director of Telecom Italia S.p.A.
Guido Ghisolfi	Member	<p>Managing Director of Mossi & Gisolfi S.p.A.</p> <p>Managing Director of M&G Finanziaria S.r.l.</p>
Giulio Stefano Lubatti	Member	<p>Chairman of the Board of the Statutory Auditors of Banco di Napoli S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of Eurizon Capital Sgr S.p.A.</p>
Marco Mangiagalli	Member	<p>Director of Autogrill S.p.A.</p> <p>Director of Luxottica Group S.p.A.</p>
Gianni Marchesini	Member	-
Fabio Pasquini	Member	<p>Chairman of Fidicont S.r.l.</p> <p>Managing Director of Torino Fiduciaria – Fiditor S.r.l.</p> <p>Member of the Board of the Statutory Auditors of Jacobacci & Partners S.p.A.</p> <p>Member of the Board of the Statutory Auditors of</p>

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo
		<p>S.p.A. Michelin Italiana – S.A.M.I.</p> <p>Chairman of the Board of the Statutory Sangiorgio Costruzioni S.p.A.</p> <p>Sole Director of Quintana Immobiliare S.r.l.</p>
Eugenio Pavarani	Member	<p>Chairman of the Board of the Statutory Auditors of Cassa di Risparmio in Bologna</p> <p>Chairman of the Board of Statutory Auditors of Mediofactoring S.p.A.</p> <p>Member of the Board of the Statutory Auditors of banca Monte di Parma S.p.A.</p> <p>Member of the Board of the Statutory Auditors of Roche Diagnostic S.p.A.</p> <p>Member of the Statutory Auditors of Roche Pharma S.p.A.</p>
Gianluca Ponzellini	Member	<p>Chairman of Metodo S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of Banca IMI S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of De' Longhi Capital Services S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of De' Longhi S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of De' Longhi Appliances S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of De' Longhi Clima S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Luisa Spagnoli S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Spa.Pi S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of</p>

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo
		Spa.Im S.r.l.
		Chairman of the Board of Statutory Auditors of Spa.Ma S.r.l.
		Chairman of the Board of Statutory Auditors of Diperdi S.r.l.
		Member of the Board of the Statutory Auditors of G.S. S.p.A.
		Member of the Bard of the Statutory Auditors of Casa Editrice Universo S.p.A.
		Member of the Board of the Statutory Auditors of Caretti & Associati S.p.A.
		Member of the Board of the Statutory Auditors of SSC Società Sviluppo Commerciale S.r.l.
		Member of the Board of the Statutory Auditors of Telecom Italia S.p.A.
Gianguido Sacchi Morsiani	Member	
Marco Spadacini	Member	Chairman of the Board of Statutory Auditors of Ambi S.p.A.
		Chairman of the Board of Statutory Auditors of Apple Italia S.r.l.
		Chairman of the Board of Statutory Auditors of Apple S.p.A.
		Chairman of the Board of Statutory Auditors of Cooperativa Palomar 3 arl
		Director of Arnoldo Mondadori Editore S.p.A.
		Director of Compagnia Fiduciaria Nazionale S.p.A.
		Member of the Board of the Statutory Auditors of Centurion Immobiliare S.p.A.

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo
		Director of Metroweb S.p.A.
Livio Torio	Member	<p>Chairman of the Board of Statutory Auditors of Mediocredito Italiano S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Moneta S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Setefi S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Alintec Scarl</p> <p>Chairman of the Board of Statutory Auditors of Senato 14/16 Immobiliare S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of Fondo Pensioni per il Personale Cariplo</p> <p>Member of the Board of the Statutory Auditors of Banca di Credito Sardo S.p.A.</p> <p>Member of the Board of the Statutory Auditors of Fondazione Lombardia Film Commission</p> <p>Member of the Board of the Statutory Auditors of P.S.M. Celada Fasteners S.r.l.</p>
Riccardo Varaldo	Member	Director of Piaggio & C. S.p.A.

Management Board

The composition of the Management Board of Intesa Sanpaolo is as set out below.

Director	Position	Principal activities performed outside Intesa Sanpaolo
Andrea Beltratti	Chairman	-
Marcello Sala	Senior Deputy Chairperson	Member of Bank of Alexandria S.A.E.

Director	Position	Principal activities performed outside Intesa Sanpaolo
Giovanni Costa	Deputy Chairperson	Chairman of Cassa di Risparmio del Veneto S.p.A. Member of Edizione S.r.l.
Enrico Tommaso Cucchiani	Managing Director and Chief Executive Officer	
Aureliano Benedetti	Member	Deputy Chairman of Agriventure S.p.A. Member of Banca IMI S.p.A.
Paolo Campaioli	Member	
Elio Catania	Member	Senior Deputy Chairman of Alitalia S.p.A. Member of Telecom Italia S.p.A.
Roberto Firpo	Member	Member of Banco di Napoli S.p.A. Member of Equiter S.p.A.
Emilio Ottolenghi	Member	Chairman of Banca IMI S.p.A. Chairman of La Petrolifera Italo Rumena S.p.A. Chairman of Pir Finanziaria S.p.A. Chairman of Vis S.p.A. Member of Sapir S.p.A.

The business address of each member of the Management Board and of the Supervisory Board is Intesa Sanpaolo S.p.A., Piazza San Carlo 156, 10121 Turin.

Conflicts of interest

None of the functions performed by any of the Board Members mentioned above results in a conflict of interest, except for any competition in the national and/or international banking system in the ordinary course of business arising from the activities performed by them

outside Intesa Sanpaolo, as set out in the tables above under the heading "*Principal activities performed outside Intesa Sanpaolo*".

Principal Shareholders

As at 10th September, 2012, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 2 per cent.).

Shareholders	Ordinary Shares	% of ordinary shares
Compagnia di San Paolo	1,506,372,075	9.718%
Fondazione Cariplo	767,029,267	4.948%
Fondazione C.R. Padova e Rovigo	740,092,011	4.774%
Ente C.R. Firenze	514,655,221	3.320%
Assicurazioni Generali S.p.A.	507,564,006	3.274%
BlackRock Inc. (1)	376,688,882	2.430%
Fondazione C.R. in Bologna	313,656,442	2.023%

(1) Fund Management (as per declaration of 12th July, 2010)

Legal Risks

Legal risks are thoroughly and individually analysed by both the Intesa Sanpaolo and the individual Intesa Sanpaolo Group companies concerned. Provisions are made to the allowances for risks and charges when there are legal obligations that are likely to result in a financial outlay and where the amount of the disbursement may be reliably estimated.

The issues recording certain developments during the half year are described below.

Litigation regarding compound interest

With regard to the dispute relating to compound interest in particular, after March 1999, the Italian Supreme Court (*Corte di Cassazione*) reversed its stance and found the quarterly capitalisation of interim interest payable on current accounts to be unlawful, on the grounds that the relevant clauses in bank contracts do not integrate the contract with a "regulatory" standard practice, but merely with a "commercial" practice, and therefore such clauses are not adequate to derogate from the prohibition of compound interest pursuant to Art. 1283 of the Italian Civil Code.

The subsequent Legislative Decree 342 of 1999 confirmed the legitimacy of interim capitalisation of interest on current accounts, as long as interest is calculated with the same frequency on deposits and loans. From April 2000 (the date on which this regulation came into effect), quarterly capitalisation of both interest income and expense was applied to all current accounts.

Therefore the dispute on this issue concerns only those contracts which were stipulated before the indicated date.

In the judgment no. 24418 handed down by its Joint Divisions (*Sezioni unite*) on 2nd December, 2010, the Supreme Court (*Corte di Cassazione*) again made its voice heard on the matter, finding any form of capitalisation of interest to be unlawful and further ruling that the ten-year term of prescription applicable to account-holders' entitlement to reimbursement of unduly paid interest begins to run on the date the account is closed, if the account had an overdraft facility and the facility's limit was respected, or on the date on which deposits were made to cover part or all of previous interest debits if the account was drawn beyond such limits or did not have an overdraft facility.

Although the application of such principles is limited to contracts entered into prior to 2000, it is not deemed possible to prepare a general, *a priori* estimate of the impact that this judgment may have on ongoing litigation, given that a case-by-case assessment is instead required.

With Law Decree 225 of 29th December, 2010, enacted, with amendments, pursuant to Law 10/2011, the legislator set forth an official interpretation, establishing that the term of prescription of rights arising from account entries begins to run on the date of the entry itself and thus, for compound interest, on the date of each individual account debit.

The constitutionality of this regulation was subsequently challenged. The Constitutional Court ruling of 2nd April, 2012 accepted the exception, repealing the aforementioned provision. Based on the effective date of the prescription, the legislative principles pronounced by the Joint Divisions (*Sezioni unite*) of the Supreme Court (*Corte di Cassazione*) in 2010 are once again applicable.

The overall number of pending cases is at a non insignificant level in absolute terms, and is the subject of constant monitoring. The risks related to these disputes are covered by specific, adequate provisions to the allowances for risks and charges.

Class action by Codacons

Regarding the Codacons class action, it should be remembered that on 5th January, 2010, Codacons, acting on behalf of a single account holder, served Intesa Sanpaolo with a writ of summons for a class-action suit pursuant to art. 140-bis of Legislative Decree 206/2005 (Consumer Code).

The suit, brought before the Court of Turin, seeks a finding that the new fee structure introduced by the bank to replace the overdraft charges is unlawful and, accordingly, a sentence ordering the bank to provide compensation for the alleged damages, which may also be determined on an equitable basis, suffered by the claimant (who has quantified them at 1,250 euro) and all other customers in the same class who elect to participate in the initiative.

On 4th June, 2010 the Court of Turin filed an order stating the inadmissibility of such class action. The order was appealed before the Turin Court of Appeal, which in an order filed on 25th October, 2010 rejected the appeal. Codacons challenged this last decision by appeal brought before the Supreme Court (*Corte di Cassazione*), which by ruling no. 9772 filed on 14th June, 2012 rejected the appeal as inadmissible.

Class action by Altroconsumo

With reference to the Altroconsumo class action, on 17th November, 2010, the association Altroconsumo, acting on behalf of three account holders, served Intesa Sanpaolo with a writ of summons for a class-action suit pursuant to art. 140-bis of Legislative Decree 206/2005 (Consumer Code).

The suit originally sought a finding that application of overdraft charges and the new fee for overdrawing accounts without credit facilities in place is unlawful. It also sought an inquiry into whether the "threshold rate" set out in Law 108/96 (usury) has been exceeded and a judgment combining the restitution of any amounts collected by the bank in excess of that threshold. The claim had been quantified at a total of 456 euro in connection with the three accounts cited in the suit.

By order of 28th April, 2010, the Court of Turin declared the suit inadmissible. Following the complaint filed by the plaintiffs, the Turin Court of Appeal, by order of 16th September, 2011, overturned the previous order, declaring the suit admissible as limited solely to account overdraft charges applied effective 16th August, 2009. The Bank appealed against this ruling before the Court of Cassation, which is expected to pronounce upon the underlying reasons for the appeal.

The class action was therefore re-opened before the Court which by order filed on 15th June, 2012 established the advertising terms and methods for the joinder of class action participants, setting the date of the hearing for continuation of the proceedings as 14th March, 2013.

With respect to the merits of the dispute, which will be examined only after the aforementioned hearing, it is believed that Intesa Sanpaolo has valid arguments in support of the legitimacy of the account overdraft charge.

Other judicial and administrative proceedings

The criminal investigation instigated by the New York District Attorney's Office and the Department of Justice aimed at verifying the methods used for the clearing through the United States of payments in dollars to/from countries embargoed by the US government in the years from 2001 to 2008, an update on which has been provided each year in the notes to the consolidated financial statements, was concluded in Intesa Sanpaolo's favour on 19th June, 2012.

On 3rd April, 2012, Intesa Sanpaolo was notified that the Department of Justice had decided to drop the proceedings, having found no sufficient evidence to justify the infliction of any criminal sanctions. A little more than two and a half months later, and for the same reasons, the New York District Attorney's Office decided to close the investigation.

As regards the transactions in question (the handling of bank transfers in dollars through the SWIFT interbank payments service, cleared through US banks), Intesa Sanpaolo remains subject to assessments still in progress by the OFAC (Office of Foreign Assets Control), the authority of the United States Department of the Treasury responsible for foreign exchange control.

Parallel administrative proceedings are also still pending, initiated in March 2007 by the US banking supervisory authorities that, having found certain weaknesses in 2006 in the anti-money laundering systems of the New York branch, requested a series of actions (already

implemented) to strengthen the anti-money laundering procedures and an examination of the payment traffic of the first half of 2006 by an independent consultant to verify the existence of any violation of the local anti-money laundering and embargo regulations.

While a settlement agreed by the OFAC and the banking supervisory authorities could still theoretically involve the payment of a fine by Intesa Sanpaolo, available information does not allow a forecast of the timing, outcome and amount of the possible fine.

Banca Infrastrutture Innovazione e Sviluppo and Municipality of Taranto litigation

Banca Infrastrutture Innovazione e Sviluppo ("**BIIS**"), as the successor to Banca OPI, was involved in a case pending before the Court of Taranto brought by the Municipality of Taranto in relation to the subscription in May 2004 by Banca OPI of a 250 million euro bond issued by the Municipality.

In its judgment of 27th April, 2009, the Court declared the invalidity of the operation, ordering BIIS to reimburse, with interest, the partial repayments of the loan made by the Municipality of Taranto. The latter was ordered to reimburse, with interest, the loan granted. Lastly, the Court ordered compensation for damages in favour of the Municipality, to be calculated by separate proceedings.

The Municipality and BIIS jointly agreed not to enforce the judgement.

On 20th April, 2012 the Court of Appeal, without prejudice to the findings of the separate proceedings regarding the alleged damages, partially reformulated the first instance ruling by ordering that:

- BIIS reimburse the sums paid by the Municipality of Taranto, plus legal interest;
- the Municipality of Taranto reimburse BIIS for the sums disbursed in execution of the bond loan, less amounts already repaid, plus legal interest and currency appreciation corresponding with the difference between the net rate of return on government bonds and the reasonable assessment of legal interest; and
- BIIS reimburse the Municipality for first instance legal costs, compensated against those for the appeal.

In the meantime, the insolvency procedure entity for the Municipality of Taranto informed BIIS that the Municipality's debt to the bank for the repayment of the 250 million euro bond had been added to "the insolvency procedures' list of debts". The fact that the Municipality's debt to BIIS has been included in the insolvency procedure's "list of debts" instead of in the "rebalanced financial statements" does not, in and of itself, have consequences for BIIS's right to repayment of its loan to the Municipality and, accordingly, on the position's risk profile. BIIS nonetheless appealed the judgment before the Regional Administrative Court of Puglia, which found the appeal inadmissible, ruling that the dispute fell within the jurisdiction of the civil courts and establishing – albeit on an incidental basis – that the appealed judgment was devoid of dispositional content and was thus incapable of undermining BIIS's credit claims.

In November 2006, the Piemonte Regional Government issued two bond loans with bullet repayments for a total of 1,856 million euro, of which 430 million euro in bonds were

subscribed by the former Banca OPI, now BIIS (the remainder subscribed by two leading international financial institutions). Under the terms of these issues and in compliance with law, the Regional Government finalised two derivative financial instrument transactions subscribed by the former Banca OPI for a notional amount of 628 million euro, together with the other two lending banks.

At the beginning of 2011, the Regional Government launched verification and comparison proceedings with the banks concerned to assess the financial and legal profiles of the swap transactions. BIIS provided all the necessary clarification through studies assigned to expert external consultants on the various issues. The studies confirmed the technical fairness of the signed contracts and their full compliance with the legal framework.

In July 2011, the Piemonte Regional Government notified BIIS of the launch of self-protection proceedings with a view to annulment and/or cancellation of all administrative documents based on assumption, consequent to or in any event associated with the derivative contracts finalised between the Regional Government and BIIS in 2006. BIIS prepared and filed a document containing its exhaustive counterclaims to these proceedings, and on 10th August, 2011, acting in concert with another bank, filed a special claim form with the High Court of the Royal Courts of Justice in London for ascertainment of the validity and fairness of the derivatives signed with the Regional Government given that the related contracts are governed by British law.

In January 2012 the Regional Government arranged the cancellation of its own action regarding the derivative contracts. On 30th January, 2012, BIIS therefore informed the Piemonte Regional Government of the claim form that had been filed with the High Court of the Royal Courts of Justice in London, with the effect of instigating the related proceedings and devolvment to the British court of the decision regarding the validity of the derivative contracts in question and any related jurisdictional issues.

Appealing against the action taken by the Regional Government to conclude the self-protection proceedings, BIIS (with another bank) also filed an appeal before the Piemonte Regional Administrative Court in Turin, requesting annulment subject to suspension of the prejudicial effects of the proceedings.

At the Regional Administrative Court hearing of 19th April, 2012 the banks waived their injunction claim in view of the hearing to discuss the merits being set for 8th November, 2012.

With reference for the proceedings before the British courts, to date the Piemonte Regional Government has not filed its appearance despite the deadline for doing so having passed. This does not exclude their option of doing so at any time during the course of proceedings.

Furthermore, in the meantime the Piemonte Regional Government has not complied with the netting payment due on 27 May 2012 in relation to one of the two swap contracts. Given this failure to pay, pursuant to ISDA documentation, on 10th July, 2012 BIIS served Notice of Failure to Pay, inviting the Regional Government to arrange payment within the three business days thereafter, to which there was no reply.

In this context, with regard to the consequences of the self-protection cancellation arrangements adopted by the Piemonte Regional Government and BIIS's risk of a negative outcome in the proceedings brought before the Piemonte Regional Administrative Court,

external legal experts have pointed out that: (i) at present the cancellation proceedings have no effect on the existence of the swap contracts, which in any event remain fully valid between the Region and BIIS until such a time as the competent civil court pronounces it null, (ii) the risk of a negative outcome for BIIS in the proceedings before the Piemonte Regional Administrative court can be considered remote.

In the light of these conclusions, agreed with the relevant Departments of BIIS, it was not deemed appropriate at present to propose a precautionary allocation to reserves.

Litigation regarding bonds in default

Intesa Sanpaolo is party to a number of proceedings related to the bond defaults of Cirio (in addition to the Cirio default described below), Parmalat, Argentina and Lehman Brothers.

With respect to Parmalat, pursuant to an agreement with Italian consumer groups, Intesa Sanpaolo has instituted a settlement procedure that covered all of the approximately 27,000 customers of the former Sanpaolo IMI Group who had purchased Parmalat bonds and subsequently converted them into shares and warrants of the new Parmalat. Approximately 16,800 of these customers (of which approximately 4,500 pertain to the Banca dei Territori business segment) agreed to participate in the procedure. Examination of claims began in November 2008 and concluded in June 2010 with overall reimbursements of about Euro 15 million. Former Sanpaolo IMI Group customers also benefit from the support offered by the Sanpaolo IMI Customer Parmalat bond Committee which was established in 2004. The committee's mission is to provide free protection for the rights to compensation of participants, including by filing a civil claim in the pending trials of those responsible for the default. The results of these initiatives include four important settlements reached by the committee and the parties against whom civil claims were brought in the trials. These settlements resulted in the availability of a total of Euro 97 million, which has been distributed to participants.

With respect to the bond defaults by Argentina and Lehman Brothers, customer claims are managed on a case-by-case basis. With respect to the Argentinean bonds Intesa Sanpaolo's exposure has been reduced following the acceptance by a significant portion of its customers to the settlement proposal made by the Argentinian government in 2010. Intesa Sanpaolo believes that the potential losses related to these disputes are sufficiently covered by provisions made for risks and charges.

Cirio Group default

In November 2002, the Cirio Group, one of the largest Italian groups operating in the agro-industrial sector, was declared insolvent. The bonds issued by the Cirio Group had a nominal value totaling approximately Euro 1,250 million. Together with other major banking groups, both the former Banca Intesa Group and the former Sanpaolo IMI Group had granted loans to the Cirio Group.

In April 2007, ten companies of the Cirio Group claimed that Intesa Sanpaolo and Banca Caboto (now Banca IMI), together with five other banks, were jointly and severally liable for damages caused by aggravating the default of the Cirio Group by assisting in the issuance in the 2000/2002 period of six bonds. The Cirio Group alleges that damages could be between Euro 2,082 million and Euro 421 million, as well as an indeterminate amount resulting from claims alleging the bondholders' loss of opportunity in placing the company in

administration, which they claim could have been brought forward had its financial situation been identified in a timely manner. The Cirio Group also claims compensation for damages deriving from the payment of commissions, amounting to Euro 9.8 million, for the placement of the bonds. On 3rd November, 2009, the Court of Rome ruled against the Cirio Group, finding that their claim was unfounded and rejecting the request for damages. In February 2010, the Cirio Group appealed against this judgment and the appeal to define the conclusions is due to be heard on 27th January, 2016.

Equitalia Polis S.p.A. (formerly Gest Line S.p.A.)

In three separate transactions in September 2006, December 2007 and April 2008, the Issuer sold to Equitalia (a tax collection company owned by the Italian government through two state entities) 100 per cent. of the share capital of Gest Line S.p.A. ("Gest Line" - now Equitalia Polis), a company that performed tax-collection activities in the former Sanpaolo IMI Group. At the time of the sale, the Issuer undertook to indemnify the buyer against losses related to GestLine's tax-collection activities prior to the September 2006 sale: the most significant portion of such potential losses may arise from litigation concerning alleged irregularities by GestLine, particularly the first half of the 1990s. In 2005 a new law was introduced the effect of which was to transfer to the seller any payment obligation relating to tax-collections made prior to the sale of the tax-collection company. Although an amnesty for administrative irregularities was passed in Italy (introduced in Italy by Law No. 311/04), the local tax authorities involved in the litigation, and higher courts on appeal, held that GestLine was not eligible for the amnesty. Notwithstanding a new regulatory initiative passed in 2007 (Law Decree no. 248/2007) aimed at clarifying the scope of the amnesty the judicial framework remains unchanged. Most recently new legislation was passed (Law Decree no. 40/2010) allowing parties that have sold their interests in collection agencies to settle on advantageous terms all proceedings pending as of 26th May, 2010 in connection with collection activity conducted through 30 June 1999 by paying 10.91 per cent. of the disputed amounts. On 29th October, 2010, the bank opted to reach such an advantageous settlement, agreeing to pay the indicated percentage of 10.91 per cent.. The Intesa Sanpaolo Group is currently awaiting the receipt of notice of extinguishment of all proceedings affected by this law.

Angelo Rizzoli Litigation

In September 2009, Angelo Rizzoli filed suit against Intesa Sanpaolo (as the successor of the former Banco Ambrosiano) and four other parties seeking to nullify transactions undertaken between 1977 and 1984, which he alleges resulted in the wrongful loss of control he would have exercised over Rizzoli Editore S.p.A. Mr. Rizzoli is requesting compensation in an amount ranging from Euro 650 to Euro 724 million. Intesa Sanpaolo believes that these claims are incorrect on their merits and, moreover, are inadmissible on the grounds that the Milan Court of Appeal already ruled on this matter in a 1996 judgment, Italian statute of limitations would apply and, in any case, the asset taken over would now be subject to adverse possession. On 11 January, 2012 the Court of Milan has deposited the judgment rejecting Angelo Rizzoli's requests, and condemned Angelo Rizzoli to pay Intesa Sanpaolo an amount of 2,600,000 Euro for expenses and vexatious action. On February 2012 the plaintiff appealed against the judgment.

Allegra Finanz AG

On 31st January, 2011, Allegra Finanz AG and 16 other international institutional investors filed a suit before the Court of Milan against several leading international financial institutions, including Intesa Sanpaolo and Eurizon Capital SGR (as the successor to Nextra). The claimants are seeking compensation in excess of €129 million as losses resulting from investments in bonds and shares issued by various Parmalat group companies. The plaintiffs claim that the banks knowingly and by various means concealed the financial state of the Parmalat group by means of transactions that prolonged its survival, with the effect of offloading the insolvency risk on investors. Intesa Sanpaolo's involvement in the proceedings relates to a private placement of €300 million by Parmalat Finance Corporation B.V. fully subscribed for by Nextra in June 2003, a transaction that, as stated by the claimants themselves, resulted in a settlement between Nextra and the Parmalat extraordinary administration procedure. The first hearing has been scheduled for 19th September, 2011. Intesa Sanpaolo promptly appeared, objecting that the claims are barred, the lack of cause between the activities carried out by Nextra and Parmalat's situations and the highly and knowingly speculative nature of the investments made by the claimants. Eurizon appeared challenging its legal standing to be sued. During the hearing held on 25 January, 2012, the judge reserved to give a ruling on many preliminary questions raised by the defendants.

Tax litigation

With regard to pending tax litigation and the related risks and provisions, detailed information is provided in the Notes to the 2011 consolidated financial statements (on pages 376 to 377).

In relation to Intesa Sanpaolo tax litigations, as at 30th June, 2012 there are three aspects worth specific mention:

The first regards the negative first instance ruling of the Milan Provincial Tax Committee, which unexpectedly confirmed the IRES tax recovery claimed by the Agenzia delle Entrate – Italian Revenue Agency to be unlawful in relation to the sale without recourse of loans to the company Castello Finance in 2005 by ISP and Intesa Gestione Crediti. An appeal was naturally filed against this ruling.

The second event, on the other hand, involves the positive outcome at appeal before the Regional Tax Committee of Turin, in the matter of the stamp duty in relation to the compulsory accounting figures for the years 2005 and 2006, with regard to which the legitimacy has ultimately been recognised of the Intesa Sanpaolo's actions in preparing a hard copy of the journal ledger for the daily totals of the individual general ledger accounts, whereas the individual entries recorded were considered absolutely irrelevant for such purpose.

Lastly, the third refers to the similarly positive outcome at appeal, again before the Regional Tax Committee of Turin, regarding recognition of the tax relevance of loans deriving from repurchase agreements to the effects of calculation of the ceiling on the write-down of losses in relation to 2003. However, this favourable case law guidance did not stop the negative first instance outcome of a similar litigation regarding 2005 from continuing to be seen as such.

Two other legal outcomes should also be specifically mentioned, these against two Italian companies in the Intesa Sanpaolo Group.

This case refers to the confirmation obtained in first instance proceedings before the Milan Provincial Tax Committee of the findings against Intesa Sanpaolo Private Banking regarding reclassification as goodwill of costs incurred as remuneration for the provision of presentation services to customers, which the Agenzia delle Entrate – Italian Revenue Agency claims are equivalent to a case of business unit transfer.

The other notice concerns Banca IMI's recourse against 2003 findings, which at appeal saw a worsening of the previous outcome, which had already been negative on other aspects, by confirming: i) the lawful nature of the unpaid revenue agency demand, also with regard to the presumed loan on the quota of dividends distributed by an international subsidiary, and ii) the withholding tax obligation on the manufactured dividend paid to foreign banking counterparties, and on the liability for related sanctions which were instead disregarded – due to objective uncertainty concerning the reference regulations – at the first instance proceedings. Banca IMI filed an appeal against this ruling before the Supreme Court (*Corte di Cassazione*).

Furthermore, in the final few days of the half year a decision was reached by the administrative court on the tax litigation brought against Fideuram Investimenti SGR, in accordance with the criteria of convenience recorded in the 2011 year-end reporting.

Lastly, with regard to investigations by the Public Prosecutor's Office of Biella into the alleged tax irregularities committed by Cassa di Risparmio di Biella e Vercelli when it was a member of the Intesa Sanpaolo Group, it should be emphasised that these relate to transactions completed in 2006 considered by the competent offices of the bank to be fully compliant with the civil and tax regulations in force.

Note that the tax litigation in question is included among those already settled with the Agenzia delle Entrate - Italian Revenue Agency, disclosure of which was also made in the Notes to the 2011 consolidated financial statements. The settlement of the aforementioned litigations was agreed, though fully confident of the fairness of its operations, based on the inappropriateness of nurturing litigations that are time-consuming and costly.

Recent Events

Intesa Sanpaolo well above EBA requirement. A 10.1% Core Tier 1 ratio at 30th June, 2012 post sovereign buffer

On 3rd October, 2012, Intesa Sanpaolo published a press release an extract of which is set out below:

"Intesa Sanpaolo notes the announcements made today by the European Banking Authority and Banca d'Italia regarding the final assessment of the capital exercise and fulfilment of the EBA December 2011 Recommendation, which shows the following result for Intesa Sanpaolo.

Intesa Sanpaolo meets the 9% Core Tier 1 ratio including the sovereign buffer as stated in the EBA December 2011 recommendation."

Intesa Sanpaolo: notice of Extraordinary Shareholders' meeting

On 28th September, 2012, Intesa Sanpaolo published a press release an extract of which is set out below:

"Shareholders are invited to attend the Extraordinary Meeting of Intesa Sanpaolo S.p.A. to approve a few amendments to the Articles of Association.

Amendments involve:

- structure of the Management Board. The proposed amendments are aimed at enhancing executive features within the Board, that are typical of the management body in a dual governance system. These amendments will also allow the streamlining of internal procedures;
- implementation of regulatory provisions. Interventions regard the following: the introduction of quotas for women on the administrative and control bodies of listed companies, the statutory audits of accounts and the legal prohibition of interlocking directorates;
- remuneration of the common representative of holders of savings shares;
- ending of the process of capital increase reserved for SanPaolo Imi Group employees for the implementation of the stock option plans approved by the Group prior to the merger;
- adjustment to wording.

In detail, the Extraordinary Shareholders' Meeting of Intesa Sanpaolo S.p.A. is convened **on single call**, at Palazzo di Piazza San Carlo in Torino, with entrance at number 158, at 9:30 a.m. on **29th October, 2012**, to discuss and pass resolutions on the following

Agenda:

Amendments to Articles 5 (Share capital), 7 (Shareholders' Meeting), 9 (Right to attend and vote in the Shareholders' Meeting), 10 (Chair and conduct of the Meeting. Secretary), 13 (Management Board), 15 (Remuneration of members of the Management Board who are appointed to particular positions), 16 (Meetings and resolutions of the Management Board), 17 (Powers of the Management Board), 18 (Chairman of the Management Board), 22 (Supervisory Board), 23 (Election of the Supervisory Board), 24 (Meetings and resolutions of the Supervisory Board), 25 (Competence of the Supervisory Board), 27 (General Managers), 29 (Savings shares); insertion of the new Article 36 (Provisions on gender balance in the structure of the administrative and control bodies. Additional amendments to the Articles of Association introduced by the Shareholders' Meeting on 29th October, 2012)."

OVERVIEW OF THE FINANCIAL INFORMATION OF THE INTESA SANPAOLO GROUP

Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31st December, 2010 and 31st December, 2011 has been derived from the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31st December, 2011 (the "**2011 Annual Financial Statements**") that include comparative figures as at and for the year ended 31st December, 2010. The 2011 Annual Financial Statements have been audited by Reconta Ernst & Young S.p.A., auditors to Intesa Sanpaolo S.p.A. until 28 May, 2012, who issued their audit report on 23rd April, 2012.

Half-Yearly Financial Statements

The half yearly financial information below as at and for the six months ended 30th June, 2012 has been derived from the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30th June, 2012 (the "**2012 Half-Yearly Financial Statements**") that include comparative balance sheet figures as at 31st December, 2011 and income statement figures for the six months ended 30th June, 2011. KPMG S.p.A., auditors to Intesa Sanpaolo S.p.A. from 1st January, 2012, has performed a limited review on the 2012 Half-Yearly Financial Statements as at and for the six months ended 30th June, 2012 in accordance with CONSOB Regulation No. 10867 of 31st July, 1997 and issued their review report on 9th August, 2012.

Incorporation by Reference

Both the annual and the half-yearly financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned annual and half-yearly financial statements, together with the accompanying notes and auditors' reports.

Accounting Principles

The annual and half-yearly financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002. The half-yearly financial statements referred to above have been prepared in compliance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

INTESA SANPAOLO
CONSOLIDATED ANNUAL BALANCE SHEET
AS AT 31/12/2011

Assets	31/12/2011 Audited	31/12/2010 Audited
	<i>(in millions of €)</i>	
Cash and cash equivalents	4,061	4,758
Financial assets held for trading	59,963	71,899
Financial assets designated at fair value through profit and loss	34,253	35,549
Financial assets available for sale	68,777	61,612
Investments held to maturity	2,621	3,839
Due from banks	35,865	42,737
Loans to customers	376,744	379,235
Hedging derivatives	10,248	7,377
Fair value change of financial assets in hedged portfolios (+/-)	137	92
Investments in associates and companies subject to joint control	2,630	2,716
Technical insurance reserves re-assured with third parties	15	27
Property and equipment	5,536	5,455
Intangible assets of which:	15,041	25,990
- goodwill	8,689	19,217
Tax assets	14,702	8,733
a) current	2,379	2,759
b) deferred	12,323	5,974
Non-current assets held for sale and discontinued operations	26	75
Other assets	8,602	8,663
Total assets	639,221	658,757

INTESA SANPAOLO
CONSOLIDATED ANNUAL BALANCE SHEET
AS AT 31/12/2011

Liabilities and Shareholders' Equity	31/12/2011	31/12/2010
	Audited	Audited
	<i>(in millions of €)</i>	
Due to banks	78,644	52,860
Due to customers	197,165	221,064
Securities issued	160,245	179,983
Financial liabilities held for trading	48,740	45,045
Financial liabilities designated at fair value through profit and loss	22,653	26,144
Hedging derivatives	8,576	5,884
Fair value change of financial liabilities in hedged portfolios (+/-)	1,686	1,412
Tax liabilities	4,064	3,269
<i>a) current</i>	689	661
<i>b) deferred</i>	3,375	2,608
Liabilities associated with non-current assets held for sale and discontinued operations	-	-
Other liabilities	13,963	13,658
Employee termination indemnities	1,338	1,370
Allowances for risks and charges	3,628	3,280
<i>a) post employment benefits</i>	402	374
<i>b) other allowances</i>	3,226	2,906
Technical reserves	50,761	50,188
Valuation reserves	-3,298	-1,054
Redeemable shares	-	-
Equity instruments	-	-
Reserves	13,843	12,143
Share premium reserve	36,143	33,102
Share capital	8,546	6,647
Treasury shares (-)	-4	-10
Minority interests (+/-)	718	1,067
Net income (loss)	-8,190	2,705
Total Liabilities and Shareholders' Equity	639,221	658,757

INTESA SANPAOLO
CONSOLIDATED ANNUAL STATEMENTS OF INCOME
FOR THE YEAR ENDED 31/12/2011

The annual financial information below includes comparative figures as at and for the year ended 31st December, 2010.

	2011	2010
	Audited	Audited
	<i>(in millions of €)</i>	
Interest and similar income	19,149	17,500
Interest and similar expense	-7,762	-6,879
Interest margin	11,387	10,621
Fee and commission income	6,298	6,494
Fee and commission expense	-1,278	-1,317
Net fee and commission income	5,020	5,177
Dividend and similar income	542	490
Profits (Losses) on trading	-204	243
Fair value adjustments in hedge accounting	-8	-182
Profits (Losses) on disposal or repurchase of:	753	229
<i>a) loans</i>	-16	-11
<i>b) financial assets available for sale</i>	590	235
<i>c) investments held to maturity</i>	-1	-
<i>d) financial liabilities</i>	180	5
Profits (Losses) on financial assets and liabilities designated at fair value	-210	179
Net interest and other banking income	17,280	16,757
Net losses/recoveries on impairment	-5,021	-2,896
<i>a) loans</i>	-4,229	-2,818
<i>b) financial assets available for sale</i>	-776	-79
<i>c) investments held to maturity</i>	-2	-
<i>d) other financial activities</i>	-14	1
Net income from banking activities	12,259	13,861
Net insurance premiums	9,260	8,483
Other net insurance income (expense)	-10,016	-9,050
Net income from banking and insurance activities	11,503	13,294
Administrative expenses	-9,839	-9,347
<i>a) personnel expenses</i>	-6,223	-5,665
<i>b) other administrative expenses</i>	-3,616	-3,682
Net provisions for risks and charges	-222	-401
Net adjustments to/recoveries on property and equipment	-381	-400
Net adjustments to/recoveries on intangible assets	-723	-738

	2011	2010
	Audited	Audited
	<i>(in millions of €)</i>	
Other operating expenses (income)	494	528
Operating expenses	-10,671	-10,358
Profits (Losses) on investments in associates and companies subject to joint control	-207	293
Valuation differences on property, equipment and intangible assets measured at fair value	-	-
Goodwill impairment	-10,338	-
Profits (Losses) on disposal of investments	171	8
Income (Loss) before tax from continuing operations	-9,542	3,237
Taxes on income from continuing operations	1,415	-1,155
Income (Loss) after tax from continuing operations	-8,127	2,082
Income (Loss) after tax from discontinued operations	-	694
Net income (loss)	-8,127	2,776
Minority interests	-63	-71
Parent company's net income (loss)	-8,190	2,705
Basic EPS - Euro	-0.56	0.21
Diluted EPS - Euro	-0.56	0.21

INTESA SANPAOLO
CONSOLIDATED HALF-YEARLY BALANCE SHEET
AS AT 30/06/2012

Assets	30/06/2012	31/12/2011
	Unaudited	Audited
	<i>(in millions of €)</i>	
Cash and cash equivalents	4,150	4,061
Financial assets held for trading	66,080	59,963
Financial assets designated at fair value through profit and loss	37,842	34,253
Financial assets available for sale	88,408	68,777
Investments held to maturity	2,222	2,621
Due from banks	35,826	35,865
Loans to customers	374,953	376,744
Hedging derivatives	11,708	10,248
Fair value change of financial assets in hedged portfolios (+/-)	118	137
Investments in associates and companies subject to joint control	2,795	2,630
Technical insurance reserves reassured with third parties	15	15

Assets	30/06/2012	31/12/2011
	Unaudited	Audited
	<i>(in millions of €)</i>	
Property and equipment	5,511	5,536
Intangible assets	14,830	15,041
of which		
- goodwill	8,671	8,689
Tax assets	13,313	14,702
a) current	3,175	2,379
b) deferred	10,138	12,323
Non-current assets held for sale and discontinued operations	27	26
Other assets	8,619	8,602
Total assets	666,417	639,221

INTESA SANPAOLO
CONSOLIDATED HALF-YEARLY BALANCE SHEET
AS AT 30/06/2012

Liabilities and Shareholders' Equity	30/06/2012	31/12/2011
	Unaudited	Audited
	<i>(in millions of €)</i>	
Due to banks	83,617	78,644
Due to customers	205,849	197,165
Securities issued	159,790	160,245
Financial liabilities held for trading	54,921	48,740
Financial liabilities designated at fair value through profit and loss	24,854	22,653
Hedging derivatives	9,851	8,576
Fair value change of financial liabilities in hedged portfolios (+/-)	2,016	1,686
Tax liabilities	2,931	4,064
<i>a) current</i>	864	689
<i>b) deferred</i>	2,067	3,375
Liabilities associated with non-current assets held for sale and discontinued operations	-	-
Other liabilities	16,944	13,963
Employee termination indemnities	1,316	1,338
Allowances for risks and charges	3,362	3,628
<i>a) post employment benefits</i>	391	402
<i>b) other allowances</i>	2,971	3,226
Technical reserves	52,310	50,761
Valuation reserves	-2,704	-3,298
Redeemable shares	-	-
Equity instruments	-	-
Reserves	9,963	13,843
Share premium reserve	30,934	36,143
Share capital	8,546	8,546
Treasury shares (-)	-15	-4
Minority interests (+/-)	658	718
Net income (loss)	1,274	-8,190
Total Liabilities and Shareholders' Equity	666,417	639,221

INTESA SANPAOLO
CONSOLIDATED HALF-YEARLY STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30/06/2012

The half-yearly financial information below includes comparative figures as at and for the six months ended 30th June, 2010.

	First half of 2012 Unaudited	First half of 2011 Unaudited
	<i>(in millions of €)</i>	
Interest and similar income	10,018	9,195
Interest and similar expense	-4,170	-3,627
Interest margin	5,848	5,568
Fee and commission income	3,185	3,176
Fee and commission expense	-709	-620
Net fee and commission income	2,476	2,556
Dividend and similar income	314	376
Profits (Losses) on trading	277	167
Fair value adjustments in hedge accounting	-4	-29
Profits (Losses) on disposal or repurchase of	468	475
<i>a) loans</i>	<i>1</i>	<i>12</i>
<i>b) financial assets available for sale</i>	<i>206</i>	<i>457</i>
<i>c) investments held to maturity</i>	<i>-3</i>	<i>-1</i>
<i>d) financial liabilities</i>	<i>264</i>	<i>7</i>
Profits (Losses) on financial assets and liabilities designated at fair value	714	-109
Net interest and other banking income	10,093	9,004
Net losses / recoveries on impairment	-1,959	-1,395
<i>a) loans</i>	<i>-1,843</i>	<i>-1,343</i>
<i>b) financial assets available for sale</i>	<i>-68</i>	<i>-86</i>
<i>c) investments held to maturity</i>	<i>-</i>	<i>-1</i>
<i>d) other financial activities</i>	<i>-48</i>	<i>35</i>
Net income from banking activities	8,134	7,609
Net insurance premiums	2,857	5,669
Other net insurance income (expense)	-4,164	-6,089
Net income from banking and insurance activities	6,827	7,189
Administrative expenses	-4,490	-4,520
<i>a) personnel expenses</i>	<i>-2,771</i>	<i>-2,792</i>
<i>b) other administrative expenses</i>	<i>-1,719</i>	<i>-1,728</i>
Net provisions for risks and charges	-79	-88
Net adjustments to / recoveries on property and equipment	-187	-182
Net adjustments to / recoveries on intangible assets	-341	-348

	First half of 2012 Unaudited	First half of 2011 Unaudited
	<i>(in millions of €)</i>	
Other operating expenses (income)	249	236
Operating expenses	-4,848	-4,902
Profits (Losses) on investments in associates and companies subject to joint control	18	-128
Valuation differences on property, equipment and intangible assets measured at fair value	-	-
Goodwill impairment	-	-
Profits (Losses) on disposal of investments	3	176
Income (Loss) before tax from continuing operations	2,000	2,335
Taxes on income from continuing operations	-689	-888
Income (Loss) after tax from continuing operations	1,311	1,447
Income (Loss) after tax from discontinued operations	-	-
Net income (loss)	1,311	1,447
Minority interests	-37	-45
Parent Company's net income (loss)	1,274	1,402
Basic EPS - Euro	0.08	0.11
Diluted EPS - Euro	0.08	0.11

DESCRIPTION OF INTESA SANPAOLO BANK IRELAND p.l.c.

History

Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**"), a wholly-owned subsidiary of Intesa Sanpaolo, was incorporated in Ireland on 22nd September, 1987 under the Irish Companies Acts, 1963 to 1986 (now the Companies Acts 1963 to 2012) under company registration number 125216. On 2nd October, 1998, INSPIRE was granted a banking licence by the Central Bank of Ireland under section 9 of the Irish Central Bank Act 1971.

As a fully licensed bank in Ireland, INSPIRE is subject to regulation by the Central Bank of Ireland.

INSPIRE's registered office is located at 3rd floor, KBC House, 4 George's Dock, IFSC Dublin 1 (tel: +353 1 6726 720).

Activities

As a licensed bank, the principal areas of business of INSPIRE include:

- Intra-group lending;
- International lending to corporate and credit institutions on a bilateral or syndicated basis;
- Management of a portfolio of securities held for liquidity purposes; and
- Treasury activities.

INSPIRE operates in a number of countries and its credit exposures are widely diversified geographically, with an emphasis on Europe. Based on total assets as at 31st December, 2011, INSPIRE is ranked the twelfth largest bank in Ireland⁵.

Board of Directors

The current composition of the Board of Directors of INSPIRE is as follows:

Name, Title and Business Address	Principal Activities outside INSPIRE
Marco Antonio Bertotti, Chairman Intesa Sanpaolo S.p.A. Via Verdi, 11 20121 Milan (MI) Italy	-

⁵ Source: *The Irish Times Top 1,000 Companies, 2011.*

**Name, Title and Business
Address**

Principal Activities outside INSPIRE

Gianfranco Pizzutto	Director of Intesa Global Finance Co. Ltd
Intesa Sanpaolo Bank Ireland p.l.c.	Director of Sanpaolo Invest Ireland Ltd. Director of Fideuram Asset Management (Ireland) Ltd
3rd Floor, KBC House 4 George's Dock, IFSC Dublin 1 Ireland	
Ian Letchford	Director of Aviateur Capital Ltd
Askill 86 Stillorgan Grove Blackrock Co. Dublin Ireland	
Francesco Introzzi	Director of Société Européenne de Banque SA
Intesa Sanpaolo S.p.A. Piazza della Scala, 6 20121 Milan (MI) Italy	
Salvatore Catalano	Director of Société Européenne de Banque – Luxembourg
Studio Legale Avv. Salvatore Catalano	Director of Fondazione Universitaria Kore – Università Kore di Enna
Via Cesare Battisti, 23 20122 Milan (MI) Italy	Member of Audit Committee of Confcommercio Auditor of SAC Società Aeroporto Catania S.p.A. Vice President of Banca Intesa Russia – Moscow Chairman of Monitoring Committee of Ferrania S.p.A. Judge – Federal Court of Justice – Football Federation of Italy Chairman of the Board for the Pension Fund of the Football Federation of Italy Chairman of Statutory Board of Auditors of Vienord S.p.A. Chairman of Sport Invest 2000 S.p.A. Member of Audit Committee of Fondazione Ente Autonomo Fiera Internazionale di Milano Auditor of Avio S.p.A. Chairman of Etruria Fund Management Company S.A. – Lussemburgo Chairman of Prisma SGR S.p.A. Member of Audit Committee of Camera di Commercio, Industria Artigianato e Agricoltura di Milano

**Name, Title and Business
Address****Principal Activities outside INSPIRE**

Luigi Ruggerone	Member of Audit Committee of Banka Köper, Slovenia
Intesa Sanpaolo S.p.A.	Member of Audit Committee of Intesa Sanpaolo Albania
Piazza Paolo Ferrari, 10	
20121 Milan (MI)	
Italy	
Richard Barkley	Director of BETA1 ETFund plc (in members' voluntary liquidation)
40 Dodderbank	Director of Club di Dublino Ltd
Milltown Bridge	Director of Tearfund Ireland
Dublin 14	Director of Dodderbank Management Ltd.
Ireland	Director of Incaplex Ltd.

Conflicts of Interest

INSPIRE is not aware of any potential conflicts of interest between the duties to Intesa Sanpaolo Bank Ireland p.l.c. of each of the members of the Board of Directors listed above and his private interests or other duties.

OVERVIEW OF THE FINANCIAL INFORMATION RELATING TO INTESA SANPAOLO BANK IRELAND p.l.c.

The unconsolidated annual financial statements of INSPIRE as at and for the years ended 31st December, 2011 and 2010 incorporated by reference into this Prospectus were audited by Ernst & Young Chartered Accountants and Registered Auditors, independent auditors of INSPIRE for those years. Both the 2011 and 2010 annual financial statements have been prepared in accordance with IFRS.

The following tables show balance sheet and income statement information of INSPIRE as at and for the years ended 31st December, 2011 and 2010. Such financial information is derived from, should be read in conjunction with and is qualified entirely by reference to the full audited unconsolidated annual financial statements of INSPIRE as at and for the years ended 31st December, 2011 and 2010, together with the accompanying notes and auditors' report, all of which are incorporated by reference in this Prospectus.

With effect from 1st January, 2012, the independent auditors of INSPIRE are KPMG Chartered Accountants.

The half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2012 and 30th June, 2011 is not audited.

European Communities (Credit Institutions: Accounts) Regulations 1992 of Ireland (the "Accounts Regulations")

The financial information in relation to any financial year of INSPIRE contained in this Prospectus does not constitute full accounts within the meaning of regulation 6 of the Accounts Regulations. Full accounts (within such meaning) of INSPIRE have been prepared for the financial years ended 31st December, 2011 and 2010 and the auditors have given unqualified reports on such accounts which have been annexed to the relevant annual returns delivered to the Irish Registrar of Companies.

INTESA SANPAOLO BANK IRELAND p.l.c.
ANNUAL BALANCE SHEETS

	31/12/2011	31/12/2010
	Audited	Audited
	<i>(in thousands of Euro)</i>	
ASSETS		
Cash and balance with central banks	77,385	166,012
Loans and advances to banks	15,041,088	13,109,809
Financial assets at fair value through profit or loss.....	65,289	69,728
Derivative financial instruments	330,264	214,990
Loans and advances to customers	4,118,547	4,436,018
Available for sale debt securities	1,148,962	807,307
Property, plant and equipment	52	71
Prepayments and accrued income	480	501
Deferred tax assets	5,591	2,328
Other assets	8,208	8,378
Total assets	20,795,866	18,815,142
LIABILITIES		
Deposits from banks	10,297,226	4,542,611
Derivative financial instruments	469,733	318,375
Due to customers.....	1,908,470	1,860,810
Debt securities in issue.....	6,989,181	10,597,586
Repurchase agreements.....	1,001	358,978
Accruals and deferred income.....	10,853	13,528
Other liabilities.....	2,206	4,820
Corporation tax and deferred income tax.....	769	515
Provisions for liabilities and commitments.....	90	2,291
Total liabilities	19,679,529	17,699,514
EQUITY		
Share capital.....	400,500	400,500
Share premium.....	1,025	1,025
Available for sale reserves and other reserves	473,687	495,670
Retained earnings.....	241,125	218,433
Total equity	1,116,337	1,115,628
Total liabilities and shareholders' funds	20,795,866	18,815,142

INTESA SANPAOLO BANK IRELAND p.l.c.
ANNUAL INCOME STATEMENTS

	31/12/2011	31/12/2010
	Audited	Audited
	<i>(in thousands of Euro)</i>	
Interest and similar income	546,463	416,498
Interest expense and similar charges	(435,147)	(273,787)
Net interest income	111,316	142,711
Fees and commissions income	9,179	15,390
Fees and commissions expense	(18,622)	(23,049)
Net trading loss	(3,360)	(920)
Foreign exchange loss	(12)	(399)
Provisions	9,130	(1,633)
 Net operating income	 107,631	 132,100
Administrative expenses and depreciation	(5,386)	(4,950)
Operating profit/profit on ordinary activities before tax-continuing activities	102,245	127,150
Tax on profit on ordinary activities	(12,790)	(15,899)
Profit for the financial year	89,455	111,251

INTESA SANPAOLO BANK IRELAND p.l.c.
HALF-YEARLY BALANCE SHEETS

	30/06/2012	30/06/2011
	Unaudited	Unaudited
	<i>(in thousands of Euro)</i>	
ASSETS		
Securities - carried at fair value	64,214	63,280
Securities - available for sale	1,880,487	1,221,738
Securities - loans and receivables	159,368	156,426
Sundry debtors and deferred expenses	7,787	8,816
Bank deposits	3,732,995	3,357,325
Loans advanced	15,292,742	17,272,211
Fixed assets	44	72
Deferred tax	3,466	1,660
Accrued interest receivable	479	1,334
Derivative financial instruments	341,297	212,306
Corporation tax receivables	2,511	1,084
Other assets	-	-
Total assets	21,485,390	22,296,252

LIABILITIES

Funds received	14,122,469	9,804,692
Debt securities in issue.....	5,743,793	11,080,674
Corporation tax payable and deferred tax	464	278
Accruals & deferred income	14,053	20,003
Derivative financial instruments	493,631	287,768
Provisions for liabilities and commitments.....	69	1,881
Other liabilities	-	24
Total liabilities	20,374,479	21,195,320

EQUITY

Share capital.....	400,500	400,500
Share premium	1,025	1,025
Available for sale reserves and other reserves	489,439	500,535
Retained earnings.....	219,947	198,872
Total equity	1,110,911	1,100,932
Total liabilities and shareholders' funds.....	21,485,390	22,296,252

INTESA SANPAOLO BANK IRELAND p.l.c.
HALF YEARLY INCOME STATEMENTS

	30/06/2012	30/06/2011
	Unaudited	Unaudited
	<i>(in thousands of Euro)</i>	
Interest and similar income	278,548	250,947
Interest expense and similar charges.....	(244,186)	(192,802)
Net interest income	34,362	58,145
Net fees	(6,587)	(4,253)
Other loss	(1,021)	(1,493)
Exchange loss.....	(95)	(797)
Net operating income	28,701	51,602
Administrative expenses	(2,002)	(2,602)
Impairment provision.....	(11)	4,417
Net profit before tax.....	26,688	53,417
Tax on profit on ordinary activities.....	(3,336)	(6,686)
Profit after tax	23,352	46,731

DESCRIPTION OF SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.

History

Société Européenne de Banque S.A. ("**SEB**") was incorporated in Luxembourg on 2nd June, 1976 under Luxembourg law, and notably the law of 10th August, 1915, as amended. SEB holds a banking licence pursuant to Luxembourg law issued on 19th May, 1976 under number 23906 by the *Ministère des Classes Moyennes*. As a fully licensed bank in Luxembourg, SEB is regulated by the CSSF.

In the context of successive group concentrations, with effect from 1st January, 2002, SEB incorporated all the assets and liabilities of Banca Intesa International S.A., Luxembourg. With effect from 7th July, 2008, SEB incorporated the non investment fund assets and liabilities of Sanpaolo Bank S.A., Luxembourg and transferred at the same time its services to investment funds to the latter.

SEB is registered with the Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) in Luxembourg under registration number B13859.

Its registered office is located at 19-21 Boulevard du Prince Henri, L-1724 Luxembourg (tel: +352 4614111).

SEB is a wholly owned subsidiary of Intesa Sanpaolo Holding International S.A., itself a wholly owned subsidiary of Intesa Sanpaolo. SEB currently has one active subsidiary, Lux Gest Asset Management S.A., a Luxembourg asset management company.

Activities

As a licensed bank, the principal areas of business of SEB include:

- Corporate structuring, domiciliation and accounting services;
- Private banking and wealth management;
- International lending to corporate and credit institutions on a bilateral or syndicated basis;
- Management of a portfolio of securities held for liquidity purposes;
- Treasury activities; and
- Intra-group lending.

SEB's credit exposures are widely diversified geographically, with an emphasis on Europe. Based on total assets as at 31st December, 2010, SEB is ranked the seventeenth largest bank in Luxembourg. (*Source: Luxemburger Wort, Luxembourg Banks Insights 2011*).

SEB currently has 205 employees.

Board of Directors

The current composition of the Board of Directors of SEB is as follows:

<i>Name, Title and Business Address:</i>	<i>Principal Activities outside SEB:</i>
Angelo Caloia, Chairman	Director of Fondazione Giuseppe Lazzati Chairman of Fondazione Vittorino Colombo Director of Fondazione CESIPI Chairman of Veneranda Fabbrica del Duomo di Milano Chairman of SIREF Fiduciaria S.p.A. Director of Banco di Napoli S.p.A. Deputy Chairman of Banca Fideuram S.p.A.
Ferdinando Superti Furga, Deputy Chairman	Chairman of the Board of Statutory Auditors of SARAS S.p.A. Chairman of the Board of Statutory Auditors of Publitalia 80 S.p.A. Chairman of the Board of Statutory Auditors of Arnoldo Mondadori Editore S.p.A. Liquidator of C. Coala S.r.l. Statutory Auditor of Telecom Italia S.p.A. Chairman of Fondazione Lombarda per la Prevenzione del Fenomeno dell'Usura Onlus Director of G. Citterio S.r.l. Chairman of Superti Furga e Partners S.r.l. Director of Spaim S.r.l. Director of SpaMa S.r.l. Director of Luisa Spagnoli S.p.A. Director of SpaPi S.r.l. Chairman of the Board of Statutory Auditors of Fininvest S.p.A. Chairman of the Board of Statutory Auditors of Binda S.p.A. in liquidazione Chairman of the Board of Statutory Auditors of Fondazione Housing Sociale Liquidator of Nuova Cimimontubi S.p.A.
Marco Bus, Managing Director and Chief Executive Officer Paul Helming	Director of Intesa Sanpaolo Private Bank (Suisse) S.A., Lugano
Francesco Introzzi	Director of Cargolux Airlines International SA
Paolo Molesini	Director of Intesa Sanpaolo Bank Ireland p.l.c., Dublin Managing Director of Intesa Sanpaolo Private Banking S.p.A. Director of Banco di Napoli S.p.A.
Stefano Stangoni	
Salvatore Catalano	Director of Intesa Sanpaolo Bank Ireland p.l.c. Director of Fondazione Universitaria Kore – Università Kore di Enna Member of the Audit Committee of Confcommercio Member of the Audit Committee of Camera di Commercio Industria, Artigianato e Agricoltura di Sondrio Chairman of the Board of Auditors of Fondazione Arsnèa

***Name, Title and Business
Address:***

Principal Activities outside SEB:

Walter Mauro Ambrogio	Auditor of SAC Società Aeroporto Catania S.p.A Chairman of the Board of Statutory Auditors of Azienda Ospedaliera Polo Universitario Luigi Sacco Vice President of Banca Intesa Russia, Moscow Chairman of Monitoring Committee of Olcese S.p.A. Chairman of Monitoring Committee of Ferrania S.p.A. Judge – Federal Court of Justice – Federazione Italiana Giuoco Calcio Chairman of Statutory Board of Auditors of Vienord S.p.A. Chairman of Sport Invest 2000 S.p.A. Member of the Audit Committee of Fondazione Ente Autonomo Fiera Internazionale di Milano Auditor of Avio S.p.A. Chairman of Etruria Fund Management Company S.A. – Lussemburgo Chairman of Prisma SGR S.p.A. Member of Audit Committee of Camera di Commercio, Industria Artigianato e Agricoltura di Milano Sole Director of Immobiliare Ansa Srl Director of Fondazione Cologni dei Mestieri d’Arte Director of Fineurop S.p.A. Director of Italy-China Foundation
-----------------------	--

The business address of each member of the Board of Directors listed above is 19-21 Boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg.

Conflicts of Interest

SEB is not aware of any potential conflicts of interest between the duties to SEB of each of the members of the Board of Directors listed above and their private interests or other duties.

OVERVIEW OF THE STATEMENTS OF FINANCIAL POSITION RELATING TO SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.

The unaudited half-yearly financial information of SEB as at and for the six months ended 30th June, 2012 have been prepared in accordance with the principles of the IFRS.

	31/12/2011	31/12/2010
	Audited	Audited
	<i>(in thousands of Euro)</i>	
ASSETS		
Cash and cash balances with central banks.....	101,721	105,691
Financial assets held for trading.....	63,025	120,676
Financial assets designated at fair value through profit or loss	137,008	194,419
Available for sale financial assets.....	1,407,724	1,227,940
Held-to-maturity investments	181,244	181,279
Loans and advances to credit institutions	8,752,180	7,991,690
Loans and advances to customers	1,346,668	566,318
Derivatives held for hedging.....	5,515	14,168
Property, plant and equipment	10,888	11,819
Intangible assets.....	1	12
Deferred tax assets	8,531	22,463
Other assets	9,343	6,796
Total assets.....	12,023,848	10,443,271
LIABILITIES		
Deposits from central banks.....	0	0
Financial liabilities held for trading.....	156,877	195,626
Financial liabilities designated at fair value through profit or loss	48,845	60,002
Deposits from credit institutions	4,230,807	3,966,800
Deposits from customers.....	2,547,076	3,566,460
Debts evidenced by certificates.....	4,170,232	2,039,991
Derivatives held for hedging.....	2,081	3,791
Provisions.....	1,440	750
Deferred tax liabilities.....	8,531	22,463
Other liabilities.....	41,783	20,479
Total liabilities.....	12,207,672	9,876,362
SHAREHOLDERS' EQUITY		
Issued capital.....	280,000	45,000
Revaluation reserve.....	(97,339)	(8,996)
Other reserves and retained earnings	530,905	434,888
Net profit for the year	102,610	96,017
Total shareholders' equity	816,176	566,909
Total liabilities and shareholders' equity	12,023,848	10,443,271

SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.
ANNUAL INCOME STATEMENTS

	31/12/2011	31/12/2010
	Audited	Audited
	<i>(in thousands of Euro)</i>	
Interest and similar income	303,494	245,163
Interest expense and similar charges	(159,110)	(115,965)
Net interest income	144,384	129,198
Fee and commission income	32,880	33,363
Fee and commission expenses	(9,369)	(8,313)
Dividend income	3,006	5,236
Net (un)realised gains (losses) on financial assets and liabilities held for trading	(4,660)	(12,637)
Net (un)realised gains (losses) on financial assets and liabilities at fair value through profit or loss	(17,300)	(16,395)
Net realised gains (loss) on financial assets and liabilities not at fair value through profit or loss	429	1,252
Net other operating income / expenses	(4,346)	(4,142)
Administrative expenses	(30,916)	(30,922)
Provisions	(680)	461
Depreciation and amortisation	(1,322)	(1,623)
Impairment	(9,495)	541
Net profit for the year	102,610	96,017

SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.
HALF-YEARLY BALANCE SHEETS

	30/06/2012	30/06/2011
	Non	Non
	Audited	Audited
	<i>(in thousands of Euro)</i>	
ASSETS		
Cash and cash balances with central banks	182	120
Financial assets held for trading	28,099	82,596
Financial assets designated at fair value through profit or loss	132,985	151,453
Available for sale financial assets	2,272,988	1,436,730
Held-to-maturity investments	25,233	178,006
Loans and advances to credit institutions	8,472,666	9,181,923
Loans and advances to customers	1,569,315	529,711
Derivative held for hedging	0	14,135
Participations	211	12,636
Property, plant and equipment	10,395	11,294
Intangible assets	0	6
Deferred tax assets	6,559	12,647

	30/06/2012	30/06/2011
	Non Audited	Non Audited
	<i>(in thousands of Euro)</i>	
Other assets	16,892	9,931
Total assets	12,535,525	11,621,188
LIABILITIES		
Financial liabilities held for trading	146,624	163,143
Financial liabilities designated at fair value through profit or loss	45,724	47,077
Deposits from credit institutions	3,477,928	2,723,701
Deposits from customers.....	2,774,823	2,753,174
Debt evidenced by certificates	5,146,802	5,271,410
Derivative held for hedging	0	1,643
Provisions.....	3,428	3,943
Retirement benefit obligations.....	130	113
Current tax liabilities	10,178	6,351
Deferred tax liabilities.....	6,559	12,647
Other liabilities.....	21,435	16,096
Total liabilities	11,633,632	10,999,298
SHAREHOLDERS' EQUITY		
Issued capital	275,091	45,000
Revaluation reserve.....	(75,724)	(15,205)
Other reserves and retained earnings	621,818	530,905
Net profit for the period	80,708	61,190
Total shareholders' equity	901,893	621,890
Total liabilities and shareholders' equity	12,535,525	11,621,188

SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.
HALF YEARLY INCOME STATEMENTS

	30/06/2012	30/06/2011
	Non Audited	Non Audited
	<i>(in thousands of Euro)</i>	
Interest and similar income	177,387	129,404
Interest expense and similar charges.....	(95,486)	(60,397)
Net interest income	81,901	69,007
Fee and commission income	15,726	16,973
Fee and commission expenses	(5,760)	(4,924)
Dividend income	2,068	1,261
Net (un)realised gains (losses) on financial assets and liabilities held for trading	(6,301)	2,521
Net (un)realised gains (losses) on financial assets and liabilities at fair value through profit or loss	9,749	(532)
Net (un)realised gains (losses) on financial assets and liabilities not at fair value through profit or loss	2,628	489
Net other operating income / expenses	27	(49)
Depreciation and amortisation	(517)	(693)
Administrative expenses	(19,660)	(17,273)
Provisions	0	0
Impairment	854	(5,592)
Profit for the financial period	80,708	61,190

TAXATION

ITALIAN TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date of this Prospectus. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis.

Taxation of the Notes issued by Intesa Sanpaolo

Tax treatment of Notes issued by the Issuer

Italian Legislative Decree No. 239 of 1st April, 1996 ("**Decree 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks.

Italian Resident Noteholders

Pursuant to Decree 239, where the Italian resident holder of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni*, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21st November, 1997, as amended ("**Decree No. 461**") – the "**Asset Management Option**"; or
- (b) a partnership (other than a *societa' in nome collettivo* or *societa' in accomandita semplice* or similar partnership), *de facto* partnership not carrying out commercial activities or professional association; or
- (c) a private or public institution not carrying out mainly or exclusively commercial activities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent. (either when Interest is paid or when payment thereof is

obtained by the holder on a sale of the Notes). All the above categories are qualified as "net recipients".

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree 239, the 20 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* (SGRs), stock brokers and other qualified entities resident in Italy ("**Intermediaries**" and each an "**Intermediary**"), or by permanent establishments in Italy of banks or intermediaries resident outside Italy, that must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes.

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld:

- by any Italian bank or any Italian Intermediary paying Interest to the Noteholders; or
- by the Issuer.

Payments of Interest in respect of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 20 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (ii) Italian resident partnerships carrying out commercial activities ('*società in nome collettivo*' or '*società in accomandita semplice*'); (iii) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), SICAVs, Italian resident pension funds referred to in Legislative Decree No. 252 of 5th December, 2005 ("**Decree No. 252**"), Italian resident real estate investment funds; and (iv) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Option. Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 20 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld:

- by any Italian bank or any Italian Intermediary paying Interest to the Noteholder; or
- by the Issuer,

and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes shall be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 20 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund or a SICAV and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such result, but a withholding tax of 20 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5th December, 2005 are subject to an 11 per cent. annual substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Where a Noteholder is an Italian resident real estate investment fund, to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund. The income of the real estate fund is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Non-Italian resident Noteholders

According to Decree 239, payments of Interest in respect of the Notes issued by Intesa Sanpaolo that qualify as *obbligazioni or titoli similari alle obbligazioni* will not be subject to the *imposta sostitutiva* at the rate of 20 per cent. if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected *provided that*:

- (a) such beneficial owners are tax resident in (i) a country listed in the Italian Ministerial Decree dated 4th September, 1996, as amended from time to time, or (ii), as from the fiscal year in which the decree pursuant to article 168-*bis* of Decree No. 917 is effective, in a state or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of Law No. 244 of 24th December, 2007 ("**Law No. 244**")) in the list of states allowing an adequate exchange of information with the Italian tax authorities listed in the decree referred to in Article 168-*bis*, paragraph 1 of Decree No. 917; and

- (b) all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

The 20 per cent. *imposta sostitutiva* may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 20 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes; and
- (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a declaration (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, one of the above-mentioned states. Such declaration (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12th December, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident Noteholder to comply in due time with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non-resident Noteholder.

Taxation of Notes issued by INSPIRE or by SEB

Italian resident Noteholders

Decree 239 regulates the tax treatment of interest, premiums and other income from notes issued, *inter alia*, by non-Italian resident entities. The provisions of Decree 239 only apply to interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from those Notes

issued by INSPIRE or by SEB which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Decree No. 917.

Where the Italian resident holder of Notes issued by INSPIRE or by SEB that qualify as *obbligazioni* or *titoli similari alle obbligazioni*, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the Asset Management Option); or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), de facto partnership not carrying out commercial activities or professional association; or
- (c) a private or public institution not carrying out mainly or exclusively commercial activities; or
- (d) an investor exempt from Italian corporate income taxation.

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as "net recipients".

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree 239, the 20 per cent. *imposta sostitutiva* is applied by Intermediaries or by permanent establishments in Italy of banks or of Intermediaries resident outside Italy.

Pursuant to Decree 239, Intermediaries (or permanent establishment in Italy of foreign Intermediaries) must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian intermediary paying Interest to the Noteholders.

Payments of Interest in respect of Notes issued by INSPIRE or by SEB that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 20 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (ii) Italian resident partnerships carrying out commercial activities ('*società in nome collettivo*' or '*società in accomandita semplice*'); (iii) Funds, SICAVs, Italian resident pension funds referred to in Decree No. 252, Italian resident real estate investment funds; and (iv) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial intermediary and have opted for the Asset Management Option. Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 20 per cent. *imposta sostitutiva*, gross recipients indicated

above under (i) to (iv) must (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary). Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or permanent establishment in Italy of foreign intermediary), the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian intermediary paying Interest to the Noteholder and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules, and such beneficial owners should be generally entitled to a tax credit for any withholding taxes applied outside Italy on Interest on Notes issued by INSPIRE or by SEB.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to the 20 per cent. annual Asset Management Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian collective investment funds and SICAVs are not subject to such substitute tax but it is included in the aggregate income of the investment fund or SICAV. The investment fund or SICAV will not be subject to tax on the Interest. A withholding tax of 20 per cent. may apply on income of the investment fund or SICAV derived by unitholders or shareholders through distribution and/or upon redemption or disposal of the units and shares.

Italian resident pension funds subject to the regime provided by articles 17 of Decree No. 252, are subject to an 11 per cent. annual Pension Fund Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Where a Noteholder is an Italian resident real estate investment fund, to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund. The income of the real estate fund is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where Interest on Notes issued by INSPIRE or by SEB and beneficially owned by Noteholders qualifying as net recipients, as defined above, are not collected through the intervention of an Italian resident intermediary and as such no *imposta sostitutiva* is applied, the Italian resident beneficial owners qualifying as net recipients will be required to declare Interest in their yearly income tax return and subject them to final substitute tax at a rate of 20

per cent., unless option for a different regime is allowed and made. Italian resident net recipients that are individuals not engaged in entrepreneurial activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

Non-Italian resident Noteholders

Interest payments relating to Notes issued by INSPIRE or by SEB and received by non-Italian resident beneficial owners are not subject to taxation in Italy.

If Notes issued by INSPIRE or by SEB and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign Intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a declaration (*autocertificazione*) stating that he or she is not resident in Italy for tax purposes.

Fungible issues

Pursuant to Article 11, paragraph 2 of Decree 239, where Intesa Sanpaolo issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli simili alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 20 per cent. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian-resident issuer, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax.

If the Notes are issued by a non-Italian resident Issuer, the 20 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar

commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership or (iii) a commercial private or public institution.

Payments made by the Guarantor

There is no authority directly regarding the Italian tax regime of payments on Notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not support such an alternative treatment.

With respect to payments made by Intesa Sanpaolo as Guarantor under the Trust Deed in respect of Notes issued by SEB or by INSPIRE, in accordance with one interpretation of Italian fiscal law, any such payments may be subject to Italian withholding tax at the rate of 20 per cent. levied as a final tax or a provisional tax ("*a titolo d'imposta o a titolo di acconto*") depending on the residential "status" of the Noteholder, pursuant to Decree No. 600. In the case of payments to non-Italian residents, the withholding tax should be final and may be applied at the rate of 20 per cent. Double taxation treaties entered into by Italy may apply allowing for a lower (or in certain cases, nil) rate applicable of the withholding tax in case of payments to non-Italian residents.

In that event, and in accordance with Condition 12 (*Taxation*), the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required.

In accordance with another interpretation, any such payment made by the Guarantor should be treated, in certain circumstances, as a payment by the relevant Issuer and made subject to the tax treatment described above under "*Taxation of Notes issued by Intesa Sanpaolo*" and "*Taxation of Notes issued by INSPIRE or by SEB*".

Capital Gains

Notes Issued by Intesa Sanpaolo

Pursuant to Decree No. 461, a 20 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

Italian resident individuals not engaged in entrepreneurial activities to which the Notes issued by Intesa Sanpaolo are connected,

- an Italian resident partnership not carrying out commercial activities,
- an Italian private or public institution not carrying out mainly or exclusively commercial activities,
- on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*tax declaration regime*", which is the standard regime for taxation of capital gains, the 20 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the

relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, holders of the Notes who are:

- Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected,
- an Italian resident partnership not carrying out commercial activities,
- an Italian private or public institution not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Special rules apply if the Notes are part of a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 20 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

The capital losses realised before 1st January, 2012 may be carried forward to offset subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

In the case of Notes held by Funds and SICAVs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds or SICAVs accrued at the end of each tax year. The Funds or SICAVs will not be subject to taxation on such

increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

The 20 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a White-list State listed in Italian Ministerial Decree dated 4th September, 1996, as amended from time to time or (b) as from the tax year in which the decree pursuant to article 168-bis of Decree No 917 is effective, in a State or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of Law No. 244) in the list of States allowing an adequate exchange of information with the Italian tax authorities listed in the decree referred to in Article 168-bis, paragraph 1 of Decree No. 917. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and
- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Notes issued by *INSPIRE* or by *SEB*

Pursuant to Decree No. 461, a 20 per cent. capital gains tax (referred to as *imposta sostitutiva*) is applicable to capital gains realised by:

- Italian resident individuals not engaged in entrepreneurial activities to which the Notes issued by the relevant Issuer are connected,
- an Italian resident partnership not carrying out commercial activities,
- an Italian private or public institution not carrying out mainly or exclusively commercial activities,

on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*tax declaration regime*", which is the standard regime for taxation of capital gains the 20 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, holders of the Notes who are:

- Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected,
- an Italian resident partnership not carrying out commercial activities,
- an Italian private or public institution not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs

and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

If the Notes are part of a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 20 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder, remains anonymous.

The capital losses realised before 1st January, 2012 may be carried forward to offset subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

In the case of Notes held by Funds and SICAVs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds or SICAVs accrued at the end of each tax year. Funds and SICAVs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, subject to the Collective Investment Fund Tax at the relevant applicable rate.

The 20 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy. However, the same exemptions illustrated under the section "*Capital gains – Notes issued by Intesa Sanpaolo*" apply to the benefit of non-Italian residents if capital gains on the Notes might become taxable due to the holding of the Notes in Italy.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Inheritance and gift tax

Pursuant to Law Decree No. 262 of 3rd October, 2006, converted with amendments by Law No. 286 of 24th November, 2006 effective from 29th November, 2006, and Law No. 296 of 27th December, 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and
- (d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18th October, 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Transfer tax

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €168; (ii) private deeds are subject to registration tax only in the case of use of voluntary registration.

Tax Monitoring Obligations

Italian resident individuals will be required to report in their yearly income tax return, according to Law Decree No. 167 of 28th June, 1990 converted into law by Law Decree No. 227 of 4th August, 1990, for tax monitoring purposes:

- (a) the amount of Notes (issued by INSPIRE or by SEB) held at the end of each tax year, if exceeding in the aggregate €10,000.00; and
- (b) the amount of any transfers from abroad, towards abroad and occurring abroad, related to the Notes (issued by INSPIRE or by SEB), occurring during each tax year, if these transfers exceed in the aggregate €10,000.00. This also applies in the case that at the end of the tax year, Notes are no longer held by Italian individuals.

Italian individuals will however not be required to comply with the above reporting requirements with respect to Notes deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes are received through the intervention of the same intermediaries.

IRELAND TAXATION

The following summary of the anticipated tax treatment in Ireland in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this document. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and the interest on them. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest and distributions (whether or not on a winding-up) with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.

Irish Withholding Tax on the Notes

In general, withholding tax at the rate of 20 per cent. must be deducted from Irish source yearly interest payments made by a company. However no withholding for or on account of Irish income tax is required to be made from interest payments in respect of the Notes in a number of circumstances.

Notes issued by Intesa Sanpaolo or SEB, as the case may be

Payments of interest in respect of Notes issued by Intesa Sanpaolo, or SEB, as the case may be, will be made without deduction of withholding tax in circumstances where Intesa Sanpaolo, or SEB, as the case may be, does not, in issuing the Notes or making the relevant payments:

- (a) operate out of Ireland; or
- (b) make the payments through a paying agent located in Ireland.

Notes issued by INSPIRE having a maturity less than one year

Payments of interest in respect of Notes issued may be made without deduction or withholding of tax where the maturity of the Notes is less than one year.

Notes issued by INSPIRE having a maturity over one year

The obligation to withhold tax does not apply to interest payments made by a bank such as INSPIRE in the ordinary course of a bona fide banking business in Ireland.

Quoted Eurobond exemption

Section 64 ("**Section 64**") of the Taxes Consolidation Act 1997, as amended (the "**Taxes Act**") provides for the payment of interest on a "quoted Eurobond" without a deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which:

- (a) is issued by a company;
- (b) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established); and

- (c) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland, or
- (b) the payment is made by or through a person in Ireland, and
 - (i) the quoted Eurobond is held in a recognised clearing system within the meaning of section 246A of the Taxes Act (a "**Recognised Clearing System**") (Euroclear, Clearstream, Luxembourg and Monte Titoli S.p.A. have been designated as Recognised Clearing Systems); or
 - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration in the prescribed format to this effect.

The Revenue Commissioners of Ireland (the "**Revenue Commissioners**") have confirmed that definitive bearer Notes issued in exchange for interests in global Notes held within a Recognised Clearing System will continue to be regarded as held within a Recognised Clearing System for the purposes of (b)(i).

Section 246(3)(h) of the Taxes Act

The obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by a company such as INSPIRE in the ordinary course of a trade or business carried on by it to a company resident in a relevant territory under the laws of that relevant territory provided that either:

- (a) that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or
- (b) the company is exempted from the charge to Irish income tax under a double tax treaty in effect with Ireland or would be so exempted if a double tax treaty signed by Ireland was in effect.

The interest must not relate to an Irish branch or agency of the recipient. A relevant territory for this purpose is a Member State of the European Union, other than Ireland, or not being such a Member State, a territory which has signed a double tax treaty with Ireland. The jurisdictions with which Ireland has signed a double tax treaty are as follows: Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Republic of Korea, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, the United States of America, Uzbekistan, Vietnam and Zambia.

Negotiations for new treaties are taking place with Azerbaijan, Thailand, Tunisia and Ukraine.

Applicable Double Tax Treaty

A requirement to operate Irish withholding tax on interest may be obviated or reduced pursuant to the terms of an applicable double tax treaty (see above).

Discounts

The Revenue Commissioners have confirmed that discounts arising on Notes will not be subject to Irish withholding tax.

Dividend Withholding Tax

In the case of the Notes, where the consideration given by INSPIRE for the use of the principal secured is dependent on the results of its business, interest payments made will be deemed to be a distribution as prescribed by Section 130 of the Taxes Act. Accordingly, dividend withholding tax may apply.

Section 172D of the Taxes Act

This section provides that the Irish law provisions whereby an Irish resident company must withhold tax (currently 20 per cent.) when it makes a relevant distribution shall not apply in certain circumstances. Provided the requisite declarations in the prescribed format, are in place, the following are included in the categories of shareholders exempted from the scope of dividend withholding tax:

- (a) a person who is neither resident nor ordinarily resident in Ireland and is a resident of a country which Ireland has signed a double tax treaty with (a "**tax treaty country**") or is a resident of an EU Member State (other than Ireland);
- (b) companies which are ultimately controlled by persons who are resident in another EU Member State or tax treaty country;
- (c) companies not resident in Ireland which are themselves resident in an EU Member State or tax treaty country and are not under the control, whether directly or indirectly, of Irish residents; and
- (d) companies, the principal class of whose shares or the shares of its 75 per cent. parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance.

Deposit Interest Retention Tax ("DIRT")

No DIRT will be deductible in respect of Notes which are issued by Intesa Sanpaolo or SEB *provided that*:

- (a) Intesa Sanpaolo or, as the case may be, SEB is not resident in Ireland for corporation tax purposes; and
- (b) the relevant Notes are recorded in the books of Intesa Sanpaolo or, as the case may be, SEB other than as a liability of a branch of Intesa Sanpaolo or, as the case may be, SEB situate in Ireland.

A relevant deposit taker (as defined by Section 256 of the Taxes Act) such as INSPIRE is obliged to withhold tax (currently at a rate of 30 per cent. or, where the interest is not paid annually or more frequently and cannot be determined until the date of payment of such interest, at a rate of 33 per cent.) from certain interest payments or other returns. However there are certain exceptions to this as set out below.

Insofar as the Notes constitute a debt on a security issued by INSPIRE and are listed on a stock exchange, DIRT shall not apply.

The Revenue Commissioners agree that DIRT which would otherwise be applicable will not apply to interest or other returns paid in respect of unquoted euro commercial paper (such as the Notes issued by INSPIRE) that do not mature within two years issued to persons not resident in Ireland and not offered in Ireland, subject to certain specified conditions which are set out in the selling restrictions or below. These conditions require that:

- (a) as far as primary sales of any Notes issued by INSPIRE are concerned, the dealers as a matter of contract undertake to the relevant Issuer that their action in any jurisdiction will comply with the then applicable laws and regulations and that the dealers will also undertake as a matter of contract to the relevant Issuer that they will not knowingly make primary sales (or knowingly offer to do so, or distribute any material in that connection in Ireland) to any Irish residents or persons;
- (b) the Notes are cleared through a Recognised Clearing System (save that such Notes represented by definitive bearer Notes may be taken out of the Recognised Clearing System and cleared outside that system, it being acknowledged that definitive bearer Notes may be issued in exchange for interests in a Global Note held in Euroclear or Clearstream, Luxembourg (in accordance with the terms of the Global Note) and, in the case of Sterling, denomination Global Notes, on demand by the holder for as long as this is a requirement);
- (c) the minimum denomination in which the Notes issue is made will be €500,000 or its equivalent.

In respect of any Note that is not listed on any stock exchange and matures within two years, pursuant to section 246A of the Taxes Act, DIRT will not apply where the Note is of the requisite denomination outlined in this Document and is held in a Recognised Clearing System. If the Note is not held in a Recognised Clearing System but is of the requisite minimum denomination outlined in this Document then *provided that*:

- (a) either:
 - (i) the person by whom the payment is made; or
 - (ii) the person through whom the payment is made,is resident in Ireland or the payment is made by or through an Irish branch or agency through which a company that is not resident in Ireland carries on a trade or business; and

(b)

- (i) the person who is beneficially entitled to the interest is a resident of Ireland who has provided their tax reference number to the payer; or
- (ii) the person who is the beneficial owner of the Note and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration in the prescribed form,

then DIRT will not apply to the interest or returns thereon.

In addition, DIRT will not apply to interest or other returns on Notes in certain situations including where the person that is beneficially entitled to the interest or returns thereon is not resident in Ireland and an appropriate declaration as referred to in section 256 of the Taxes Act is made.

Encashment tax

Interest on any Note issued:

- (a) by Intesa Sanpaolo or SEB, as the case may be, paid by a paying agent in Ireland; or
- (b) by Intesa Sanpaolo or SEB, as the case may be, paid to an agent in Ireland on behalf of a holder of the relevant Note; or
- (c) by INSPIRE that is a quoted Eurobond held in a Recognised Clearing System (see above) or where that payment of interest was not paid by or entrusted to any person in Ireland and, in each case, was paid to an agent in Ireland acting on behalf of a holder of the relevant Note,

will generally be subject to a withholding for Irish income tax at the standard rate (currently 20 per cent.) unless it is proved, on a claim made in the required manner to the Revenue Commissioners, that the beneficial owner of the relevant Note and entitled to interest is not resident in Ireland and such interest is not deemed, under the provisions of Irish tax legislation, to be income of another person resident in Ireland.

Liability of Noteholders to Irish tax

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Interest earned or discount realised on Notes issued by INSPIRE would be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income or discount, as the case may be, would be technically liable to Irish income tax (and the universal social charge if received by an individual). Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish tax resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate (currently 20 per cent.). Therefore any withholding tax suffered should be equal to and in satisfaction of the full liability. However, individuals

are liable to tax at a higher rate of tax (currently 41 per cent.) plus the universal social charge on taxable income exceeding a certain threshold, the level of which depends on their individual circumstances.

Section 198 of the Taxes Act

With regard to interest earned on the Notes, Section 198 of the Taxes Act provides an exemption from Irish income tax in each of the following circumstances:

- (a) where:
 - (i) the interest is paid by a company in the ordinary course of its trade or business; and
 - (ii) the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a country which has signed a double tax treaty with Ireland provided that either:
 - (A) that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or
 - (B) the company is exempted from the charge to Irish income tax under a double tax treaty in effect with Ireland or would be so exempted if a double tax treaty signed by Ireland was in effect; and
- (b) where:
 - (i) the provisions of Section 64 of the Taxes Act (quoted Eurobond exemption as described above) apply; and
 - (ii) the recipient is either:
 - (A) a person who is resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland; or
 - (B) a company controlled, either directly or indirectly, by persons resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland and who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or
 - (C) a company the principal class of shares of which is substantially and regularly traded on a recognised stock exchange; and
- (c) where:
 - (i) the provisions of section 246A of the Taxes Act apply; and

- (ii) the recipient is either:
 - (A) a person who is resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland and who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or
 - (B) a company controlled, either directly or indirectly, by persons resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland; or
 - (C) a company the principal class of shares of which is substantially and regularly traded on a recognised stock exchange.

In addition, with regard to discount arising on the Notes, section 198 of the Taxes Act provides an exemption from Irish income tax where the Notes are issued by a company in the ordinary course of its trade and the recipient of the discount is a person resident in an EU Member State (other than Ireland) or in a country which has signed a double tax treaty with Ireland.

For the purposes of (a), (b) and (c) above, residence is determined under the terms of the relevant double taxation agreement, if such exists, or in any other case, the law of the country in which the recipient claims to be resident. Where the interest is paid to a foreign company carrying on a trade in Ireland through a branch or agency or a permanent establishment to which interest paid by INSPIRE is attributable, corporation tax is payable on the interest.

Applicable Double Tax Treaty

The majority of I

reland's double tax treaties (see above) exempt interest from Irish tax when received by a resident of the other jurisdiction. Thus, a Noteholder may be entitled to exemption from Irish income tax on interest, and in some cases, discounts, under the terms of a double tax treaty between Ireland and the jurisdiction in which the Noteholder is resident.

Section 153 of the Taxes Act

As mentioned above, in the case of the Notes, where the consideration given by INSPIRE for the use of the principal secured is dependent on the results of its business, interest payments made will be deemed to be a distribution as prescribed by Section 130 of the Taxes Act. However, Section 153 of the Taxes Act ("**Section 153**") provides exemption from income tax on distributions for certain non-residents. The exempted non-residents are:

- (a) a person who is neither resident nor ordinarily resident in Ireland and is a resident of a tax treaty country or is a resident of an EU Member State (other than Ireland);
- (b) a company which is not resident in Ireland and which is ultimately controlled by persons resident in another EU Member State or in a tax treaty country;
- (c) a company which is not resident in Ireland and is, by virtue of the law of a tax treaty country or an EU Member State, resident for the purposes of tax in that tax treaty

country or EU Member State, but is not under the control, whether directly or indirectly, of Irish residents;

- (d) companies, the principal class of whose shares or the shares of its 75 per cent. parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance;
- (e) a parent company in another EU Member State in respect of distributions made to it by its Irish resident subsidiary company where withholding tax on such distributions is prohibited under the EU Parent-Subsidiaries Directive.

Section 153 also provides that, if dividend withholding tax (see above) has been applied, and the recipient is an individual then no further Irish tax liability should exist.

Other Circumstances

If, however, the payments are not exempt and there is no double tax treaty between Ireland and the jurisdiction in which the Noteholder is resident, there is no mechanism by which the Revenue Commissioners can collect residual income tax. Therefore, there is a long standing practice whereby no action will be taken to pursue any liability to such residual Irish income tax in respect of persons who are not resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of Notes, and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

Capital Gains Tax

Provided the Notes are listed on a Stock Exchange, or the Notes do not derive their value, or the greater part of their value from certain Irish land or mineral rights, then a Noteholder will not be subject to Irish tax on capital gains *provided that* such Noteholder is neither resident nor ordinarily resident in Ireland and such Noteholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency, or a permanent establishment, to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or if the disponent's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situated in Ireland (that is, in the case of Bearer

Notes, if the Notes are physically located in Ireland or, in the case of Registered Notes, if the register for the Notes is maintained in Ireland), the disponent's successor may be liable to Irish Capital Acquisitions Tax. Accordingly, if such Notes are comprised in a gift or inheritance, the disponent's successor may be liable to Irish capital acquisitions tax, even though the disponent may not be domiciled in Ireland. For the purposes of capital acquisitions tax it is important to note that a non-domiciled person shall not be treated as resident or ordinarily resident in Ireland except where that person has been resident in Ireland for five consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

Stamp Duty

No Irish stamp duty is payable on the issue of the Notes.

Transfer of Notes issued by Intesa Sanpaolo or SEB

In the case of Notes issued by Intesa Sanpaolo or SEB, no Irish stamp duty is chargeable *provided that* the instrument of transfer (if any):

- (a) is not executed in Ireland; and
- (b) does not relate (wherever executed) to any property situated in Ireland or to any matter or thing to be done in Ireland.

Transfer of Notes issued by INSPIRE

Irish stamp duty is not chargeable on the transfer by delivery of Notes issued by INSPIRE. In the event of written transfer of such Notes no stamp duty is chargeable *provided that* the Notes:

- (a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
- (b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (c) are issued for a price which is not less than 90 per cent. of their nominal value (thus certain Notes issued at a discount may not qualify for this exemption); and
- (d) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or other document relating to the Notes.

Where the above exemptions or another exemption does not apply, the instrument of transfer is liable to stamp duty at the rate of one per cent. of the consideration paid in respect of the transfer (or if greater, the market value thereof) which must be paid in euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer instrument is executed, after which interest and penalties will apply.

LUXEMBOURG TAXATION

The following is based on the laws presently in force in Luxembourg and is subject to any change that may come into effect after that date, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu) generally. Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

A holder of Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding Tax

Non-resident holders of Notes

Under Luxembourg general tax laws currently in force but subject to the laws of June 21, 2005 implementing the EU Savings Tax Directive, as amended (the "**EUSD Law**") and mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes, provided that the interest on the Notes does not depend on the profit of the Issuer.

However, under the EUSD Law implementing the EU Savings Tax Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest, as defined by the EUSD Law, made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the EUSD Law, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest, as defined by the EUSD Law, to the fiscal authorities of the paying agent, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying

agent. Payments of interest under the Notes coming within the scope of the EUSD Law would at present be subject to a withholding tax of 35%.

Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005, as amended (the "**Relibi Law**") and mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes, provided that the interest on the Notes does not depend on the profit of the Issuer.

However, under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law would be subject to a withholding tax of 10%.

Further, Luxembourg resident individuals acting in the course of the management of their private wealth, who are the beneficial owners of interest or similar income made or ascribed by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Tax Directive may also opt for a final 10% levy, providing full discharge of Luxembourg income tax. In such case, the 10% levy is calculated on the same amounts as the 10% withholding tax for payments made by Luxembourg resident paying agents. The option for the 10% final levy must cover all interest payments made by the paying agents to the Luxembourg resident beneficial owner during the entire civil year. Responsibility for the declaration and the payment of the 10% final levy is assumed by the individual resident beneficial owner of the interest or similar income.

Income Taxation

Non-resident holders of Notes

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal, in any form whatsoever, of the Notes.

Resident holders of Notes

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate holder of Notes that is governed by the law of May 11, 2007 on family estate management companies, as amended, or by the law of 17th December, 2010 on undertakings for collective investment, or by the law of 13th February, 2007 on specialized investment funds, as amended, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the EU Savings Tax Directive. A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (*e.g.*, issue discount, redemption premium, *etc.*) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes in its taxable basis for income tax purposes. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Net Wealth Taxation

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11th May, 2007 on family estate management companies, as amended, or by the law of 17th December, 2010 on undertakings for collective investment, or by the law of 13th February, 2007 on specialized investment funds, as amended, or is a securitization company governed by the law of 22nd March, 2004 on securitization, as amended, or is a capital company governed by the law of 15th June, 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a registration duty may be due upon the registration of the Notes in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Notes must be produced.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if proceeded by a Luxembourg tax resident and registered in a Luxembourg deed passed in front of a Luxembourg notary.

EU SAVINGS TAX DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity known as "residual entities" as defined in article 4-2 of the EU Savings Tax Directive established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at the rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States (including Switzerland), have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity known as "residual entities" established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity known as "residual entities" established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Tax Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Implementation in Italy

Italy has implemented the EU Savings Tax Directive through Legislative Decree No. 84 of 18th April, 2005 ("**Decree 84**"). Under Decree 84, subject to a number of important conditions being met, where interest is paid starting from 1st July, 2005 (including interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial

owners of the interest payment and are resident for tax purposes in another Member State of the European Union or in a dependent or associated territory under the relevant international agreement (currently Jersey, Guernsey, the Isle of Man, the Netherlands Antilles, the British Virgin Islands, Turks and Caicos Islands, the Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (including any banks, SIMs, fiduciary companies and SGRs resident for tax purposes in Italy) are required to report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner.

In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstances, undertakings for collective investments in transferable securities or "UCITS" recognised in accordance with Directive 85/311/EEC.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree 84. Accordingly, such payments of interest arising out of the Notes would fall within the scope of the Directive being the Notes issued after 1st March, 2001.

Implementation in Ireland

The Directive has been enacted into Irish legislation. Since 1st January, 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "residual entity" then that interest payment is a "deemed interest payment" of the "residual entity" for the purpose of this legislation. A "residual entity", in relation to "deemed interest payments", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "deemed interest payments".

"Residual entity" means a person or undertaking established in Ireland or in another Member State or in an "associated territory" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "associated territory", or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State

or an "associated territory" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "associated territory", have applied since 1st July, 2005. For the purposes of these paragraphs **"associated territory"** means Aruba, the Netherlands Antilles, Jersey, Gibraltar, Guernsey, the Isle of Man, Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat, Turks and Caicos Islands, Andorra, Liechtenstein, Monaco, San Marino and the Swiss Confederation.

Implementation in Luxembourg

The EU Savings Tax Directive was implemented in Luxembourg by the Law of 21st June, 2005. Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or Residual Entities established in that other Member State; however, for a transitional period, Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. (as from 1st July, 2011). In the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or Residual Entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or Residual Entities established in one of those territories.

On 15th September, 2008, the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the EU Savings Directive. On 13th November, 2008, the European Commission published a more detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24th April, 2009. If any of those were implemented, the proposed changes made in relation to the amendments would, inter alia, (i) extend the scope of the EU Savings Directive, they may amend to payments made through certain intermediate structures (whether or broaden the scope of the requirements described above) for the ultimate benefit of EU resident individuals, and (ii) provide for a wider definition of interest subject to the EU Savings Directive. Investors who are in any doubt as to their position should consult their professional advisors.

SUBSCRIPTION AND SALE

The Dealers have in a dealer agreement (as amended, supplemented and/or restated, the "**Dealer Agreement**") dated [•], 2012, agreed with Intesa Sanpaolo and INSPIRE a basis upon which they or any of them may from time to time agree to subscribe or procure subscribers for Notes. Any such agreement will extend to those matters stated under "*Forms of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Dealer Agreement, Intesa Sanpaolo, INSPIRE and SEB have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Programme and the issue of Notes under the Programme.

United States

Neither the Notes nor the Guarantee thereof have been, nor will they be, registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to

the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (a) an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- (b) the "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State; and
- (c) the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Luxembourg

The Notes may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") pursuant to part II of the Luxembourg law dated 10th July, 2005 on prospectuses for securities (the "**Luxembourg Prospectus Law**"), as amended from time to time and implementing the Prospectus Directive, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
- (b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that a prospectus in relation to the Notes has been duly approved in accordance with the Prospectus Directive; or

- (c) the offer of Notes benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus under the Luxembourg Prospectus Law, as amended from time to time.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act ("**FSMA**")) received by it in connection with the issue or the sale of any Notes in circumstances in which Section 21(1) of the FSMA does not or, would not if it were not an authorised person, apply to the relevant Issuer or the Guarantor, as the case may be; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes issued by Intesa Sanpaolo, INSPIRE or SEB in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) ("**Regulation No. 11971**"); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29th October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1st September, 1993, as amended (the "**Banking Act**");
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may require information on the issue or the offer of securities in the Republic of Italy; and

- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable Italian laws and regulations.

Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

- (a) in connection with offers for sale of any Note issued by INSPIRE that is not listed on any stock exchange and that does not mature within two years, it will not:
 - (i) knowingly sell or offer for sale any Notes issued by INSPIRE to any person, including any body corporate, resident in Ireland or having its usual place of abode in Ireland (an "**Irish Person**");
 - (ii) knowingly issue or distribute, or knowingly cause to be issued or distributed, any documentation offering for subscription or sale any Notes issued by INSPIRE, to any Irish Person;
 - (iii) as far as primary sales of any Notes issued by INSPIRE are concerned, its actions in any jurisdiction will comply with the then applicable laws and regulations;
 - (iv) offer, sell or deliver any such Note to any person in a denomination of less than €500,000, or its equivalent in any other currency. In addition, such Notes must be cleared through a Recognised Clearing System; and
- (b) in connection with offers for sale of any Notes issued by INSPIRE that is not listed on any stock exchange that matures within two years, it will not offer, sell or deliver any such Note to any person in a denomination of less than €500,000 if the relevant Note is denominated in euro, US\$500,000 if denominated in U.S. Dollars, or if denominated in a currency other than euro or U.S. Dollars, the equivalent of €500,000 at the date the Programme is first publicised. In addition, such Notes must be cleared through a Recognised Clearing System.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**FIEA**") and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

France

Each Dealer represents, warrants and undertakes that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or delivers and none of the Issuer, the Guarantor (where applicable), the Trustee and the other Dealers shall have any responsibility therefor.

Other than with respect to the admission to listing, trading and/or quotation by such one or more competent authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction by the relevant Issuer, the Guarantor (where applicable) or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus or any Final Terms comes are required by the relevant Issuer, the Guarantor (where applicable) and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer and, if applicable, the Guarantor. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

GENERAL INFORMATION

Listing, Approval and Admission to trading of the Notes to the Luxembourg Stock Exchange

This Prospectus has been approved by the CSSF as a base prospectus. Application has been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which are admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system as the Issuer(s) and the relevant Dealer(s) may agree or which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

The CSSF may at the request of the Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Prospectus; and (ii) an Attestation Certificate. At the date hereof, the Issuers have requested the CSSF to send an Attestation Certificate and copy of this Prospectus to the Central Bank of Ireland in its capacity as competent authority in Ireland.

Authorisations

The establishment and update of the programme and the increases in the aggregate nominal amount of all Notes from time to time outstanding under the Programme were authorised by resolutions of the Boards of Directors of Banca Intesa passed on 19th March, 2001, 24th June, 2003, 26th April, 2005, 11th November, 2005 and 6th March, 2006 and of the Management Board of Intesa Sanpaolo passed on 18th June, 2007. The addition of INSPIRE as an Issuer under the Programme was authorised by a resolution of the Board of Directors of INSPIRE passed on 15th February, 2007. The addition of SEB as an Issuer under the Programme was authorised by a resolution of the Board of Directors of SEB passed on 19th October, 2011. Each of Intesa Sanpaolo, INSPIRE and SEB has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be used for general funding purposes of the Intesa Sanpaolo Group.

Litigation

[Save as disclosed from pages [•] to [•], none of the Issuers, the Guarantor or any member of the Intesa Sanpaolo Group is or has been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to

claims or amounts which may have, or have had in the recent past, a significant effect on the Intesa Sanpaolo Group's financial position or profitability and, so far as Intesa Sanpaolo or, as the case may be or INSPIRE (where INSPIRE is the Issuer) or, as the case may be, SEB (where SEB is the Issuer), is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.] **[ISSUER TO CONFIRM]**

Auditors

Reconta Ernst & Young S.p.A. have audited Intesa Sanpaolo's financial statements, without qualification, in accordance with generally accepted auditing standards in Italy as at and for the years ended 31st December, 2010 and 2011. The auditors of Intesa Sanpaolo are Reconta Ernst & Young S.p.A., who are members of Assirevi, the Italian professional association of auditors and are registered under No. 2 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No. 58 of 24th February, 1998 (as amended) and under No. 70945 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27th January, 1992.

The mandate of Intesa Sanpaolo's current auditors, Reconta Ernst & Young S.p.A. was granted in 2006 and expired with the approval of the financial statements as of 31st December, 2011. At the annual general shareholders' meeting of Intesa Sanpaolo held on 10th May, 2012, KPMG S.p.A. was appointed to act as Intesa Sanpaolo's external auditor for the period 2012-2020.

As of 28 May, 2012, the auditors of Intesa Sanpaolo are KPMG S.p.A., who are members of Assirevi, the Italian professional association of auditors and are registered under No. 13 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No. 58 of 24th February, 1998 (as amended) and under No. 70623 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27th January, 1992.

From 4th April 2007 to 24th April 2012, the auditors of INSPIRE were Ernst & Young Chartered Accountants, who are members of the ICA (Institute of Chartered Accountants in Ireland) and have audited the unconsolidated annual financial statements of INSPIRE, without qualification, in accordance with International Standards on Auditing (UK and Ireland) as at and for the years ended 31st December, 2010 and 2011.

As of 25th April, 2012, the auditors of INSPIRE are KPMG, who are registered auditors with the Institute of Chartered Accountants in Ireland.

From 1st January, 2003 to 31st December, 2011, the auditors of SEB were Ernst & Young S.A., who are registered as a corporate body with the official table of company auditors drawn up by the Luxembourg Ministry of Justice and are members of the Luxembourg Institute of Auditors (*Institut des Réviseurs d'Entreprises*) and have audited the annual financial statements of SEB, without qualification, in accordance with generally accepted auditing standards in Luxembourg as at and for the years ended 31st December, 2010 and 2011. Ernst & Young S.A. is approved by the CSSF in the context of the law dated 18th December, 2009 relating to the audit profession.

As of 1st January, 2012, the auditors (*réviseur d'entreprises agréé*) of SEB are KPMG Luxembourg S.à r.l., Cabinet de révision agréé, who are members of the Institut des Réviseurs d'Entreprises.

No significant change and no material adverse change

[Since 31st December, 2011 there has been no material adverse change in the financial position or situation or the prospects of the Issuers and, since 30th June, 2012 (in the case of Intesa Sanpaolo), 30th June, 2012 (in the case of INSPIRE) or 30th June, 2012 (in the case of SEB), there has been no significant change in the financial position of the Intesa Sanpaolo Group.] **[ISSUER TO CONFIRM]**

Material contracts

[None of Intesa Sanpaolo, INSPIRE, SEB and Intesa Sanpaolo's other subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to the Issuers' ability to meet their obligations to Noteholders.] **[ISSUER TO CONFIRM]**

Documents available for inspection

For so long as the Programme remains valid with the Luxembourg Stock Exchange or any Notes shall be outstanding, copies and, where appropriate, the following documents (translated into English, where applicable) may be obtained by the public during normal business hours at the specified office of the Principal Paying Agent and the Listing Agent in Luxembourg and at the registered offices of the Issuers, namely:

- (a) this Prospectus and any supplements to this Prospectus (together with any prospectuses published in connection with any future updates in respect of the Prospectus) and any other information incorporated herein or therein by reference;
- (b) a certified copy of the constitutive documents of Intesa Sanpaolo, INSPIRE and SEB;
- (c) the Agency Agreement;
- (d) the Trust Deed (incorporating a form of the Deed of Guarantee by Intesa Sanpaolo in respect of payment of amounts due in relation to Notes issued by INSPIRE or SEB, and any further issuer that may be appointed from time to time under the Programme);
- (e) the Dealer Agreement;
- (f) the Operating & Administrative Procedures Memorandum;
- (g) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Listing Agent as to its holding of Notes and identity);

- (h) any Deed of Guarantee relating to Notes which are listed on any stock exchange (save that a Deed of Guarantee relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Listing Agent as to its holding of Notes and identity); and
- (i) any supplemental agreement prepared and published in connection with the Programme.

In addition, copies of this Prospectus, any supplements to this Prospectus, each Final Terms relating to the Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

Financial statements available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Luxembourg Listing Agent, Société Européenne de Banque S.A., at 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg and at the registered offices of the Issuers and the Guarantor:

- (a) the audited consolidated annual financial statements of Intesa Sanpaolo as at and for the years ended 31st December, 2010 and 2011;
- (b) the audited annual financial statements of INSPIRE as at and for the years ended 31st December, 2010 and 2011;
- (c) the audited annual financial statements of SEB as at and for the years ended 31st December, 2010 and 2011;
- (d) the most recent annual or interim consolidated financial information of Intesa Sanpaolo published from time to time (whether audited or unaudited), commencing with its unaudited consolidated half-yearly financial statements as at and for the six months ended 30th June, 2012;
- (e) the most recent annual or interim financial information of INSPIRE published from time to time (whether audited or unaudited), commencing with its unaudited unconsolidated half-yearly financial information as at and for the six months ended 30th June, 2012; and
- (f) the most recent annual or interim financial information of SEB published from time to time (whether audited or unaudited), commencing with its unaudited, unconsolidated half-yearly financial information as at and for the six months ended 30th June, 2012,

in each case, together with the accompanying notes and any auditors' report.

INSPIRE and SEB do not currently publish any consolidated financial information.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors.

Post-issuance information

The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities except to the extent required by any applicable laws and regulations.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

Declaration of the officer responsible for preparing Intesa Sanpaolo's financial reports

The officer responsible for preparing the company's financial reports, Ernesto Riva, declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance⁶ that the accounting information contained in this Prospectus corresponds to Intesa Sanpaolo's documentary results, books and accounting records.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments

⁶ Legislative Decree No. 58 of 24th February, 1998, as amended and supplemented from time to time

and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ANNEX 1

FURTHER INFORMATION RELATED TO INDEX LINKED NOTES

The Issuers can issue Notes which are linked to an index ("**Index Linked NOTES**") pursuant to the Programme, where the underlying index is either (i) the U.K. Retail Price Index (RPI) (all items) published by the Office of National Statistics ("**RPI Linked Notes**") or (ii) the Non-revised index of Consumer Prices excluding tobacco, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat (HICP) ("**HICP Linked Notes**"). The following information provides a clear and comprehensive explanation to prospective investors about how the value of Index Linked Notes is affected by the value of the underlying index.

UK Retail Price Index

The U.K. Retail Prices Index (the "**RPI**") is the most familiar general purpose domestic measure of inflation in the UK. The RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

RPI is compiled by the UK Office of National Statistics (the "**ONS**") using a large and representative selection of approximately 650 separate goods and services for which price movements are regularly measured in approximately 150 areas throughout the UK. Approximately 120,000 separate price quotations are used each month in compiling the RPI. The UK Government uses the RPI for its own existing inflation-linked Notes. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes a couple of weeks for the ONS to compile the index, so they publish each month's RPI figure during the following month, i.e. the figure relating to February will be published in March. The RPI figures used in the calculation of interest payments on the RPI Linked Notes and the amount due to be repaid on the RPI Linked Notes at redemption are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

More information on the RPI, including past and current levels, can be found at www.statistics.gov.uk.

RPI Linked Notes

An RPI Linked Note is a type of Note where the interest payable and the nominal amount of the Note are both adjusted in line with the RPI. This means that both the interest amounts paid periodically and the principal required to be paid on redemption of the RPI Linked Note are adjusted to take account of changes in the RPI since the specified reference date for calculating the RPI (i.e. the index fixing date, as described below).

To calculate the RPI adjustment, two RPI 'fixing' figures are required – one that relates to the start of the Note's life (the "**Base RPI**") and one that relates to the relevant payment date. The real rate of interest offered on RPI Linked Notes (i.e. the rate before taking inflation into account) is fixed when the RPI Linked Notes are issued.

Interest on RPI Linked Notes

The interest amount due on each interest payment date of a RPI Linked Note will be adjusted to take into account the change in inflation between the Base RPI figure and the RPI figure relating to the relevant interest payment date, and is calculated using the following simple formula:

Specified Denomination x Real Rate of Interest x Day Count Fraction x (RPI relating to the relevant interest payment date/ Base RPI)

Redemption of RPI Linked Notes

Assuming that the relevant Issuer is able to pay its debts in full and the RPI Linked Notes are not otherwise redeemed or purchased and cancelled in accordance with the Conditions, RPI Linked Notes will be repaid on their maturity date at their nominal amount, plus/less an additional amount reflecting any increase/decrease in the RPI between the Base RPI figure and the RPI figure relevant to the payment date. The redemption amount will be calculated at a specified time prior to the maturity date, unless a maximum or minimum redemption amount is otherwise specified. Where the RPI figure relevant to the payment date is lower than the Base RPI, investors will receive less than the nominal amount of the RPI Linked Notes on the maturity date if no minimum redemption amount is specified, or if the minimum redemption amount is specified at an amount lower than the nominal amount.

The redemption amount due will be calculated as follows, unless a maximum or minimum redemption amount is specified:

Nominal Amount x [RPI figure relating to the maturity date / Base RPI]

Eurostat Eurozone Harmonised Indices of Consumer Prices excluding Tobacco Unrevised Series Non Seasonal Adjusted

The Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP), as calculated and published by EUROSTAT and the national statistical institutes in accordance with harmonised statistical methods (the "**HICP**") is an economic indicator constructed to measure the changes over time in the prices of consumer goods and services acquired by households in the Eurozone. Following the Maastricht Treaty, the HICPs have been used as convergence criteria and the main measure for monitoring price stability by the European Central Bank in the Euro area, as well as for use on international comparison.

HICP is the aggregate of the Member States' individual harmonised index of consumer prices excluding tobacco ("**Individual HICP**"). Each country first publishes its Individual HICP in conjunction with its consumer price index. Thereafter, Eurostat aggregates the Individual HICPs and publishes an HICP for the Eurozone, as well as a breakdown by item and by country. In any specific year, each country's weight in the HICP for the Eurozone equals the share that such country's final household consumption constitutes within that of the Eurozone as a whole for the year that is prior to that specified year. These weights are re-estimated every year in the January publication of the HICP.

HICP is said to be harmonised because the methodology and nomenclatures for the index of prices are the same for all of the countries in the Eurozone and the European Union. This makes it possible to compare inflation among different Member States of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.

HICP is calculated as an annual chain-index, which makes it possible to change the weights every year. This also makes it possible to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in a specific year, it is included in the Eurozone HICP starting from January of that year. The new Member State's weight is included in the annual revaluation of the HICP.

HICP is published every month on Eurostat's internet site, according to a pre-determined official timetable. Publication generally occurs around the 14th – 16th day of the following month. If a revision is made, it is published with the HICP of the following month.

Base Year Change

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. Since 2006, the index reference period has been set to 2005 = 100. In order to obtain a common price reference period, too, the weights for each year are "price updated" to December of the previous year.

More information on the HICP, including past and current levels, can be found at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>

HICP Linked Notes

A HICP Linked Note is a type of Note where the interest payable and the nominal amount of the Note are both adjusted in line with the HICP. This means that both the interest amounts paid periodically and the principal required to be paid on redemption of the HICP Linked Note are adjusted to take account of changes in the HICP since the specified reference date for calculating the HICP (i.e. the index fixing date, as described below).

To calculate the HICP adjustment, two HICP 'fixing' figures are required – one that relates to the start of the Note's life (the "**Base HICP**") and one that relates to the relevant payment date. The real rate of interest offered on HICP Linked Notes (i.e. the rate before taking inflation into account) is fixed when the HICP Linked Notes are issued.

Interest on HICP Linked Notes

The interest amount due on each interest payment date of a HICP Linked Note will be adjusted to take into account the change in inflation between the Base HICP figure and the HICP figure relating to the relevant interest payment date, and is calculated using the following simple formula:

Specified Denomination x Real Rate of Interest x Day Count Fraction x (HICP relating to the relevant interest payment date/ Base HICP)

Redemption of HICP Linked Notes

Assuming that the relevant Issuer is able to pay its debts in full and the HICP Linked Notes are not otherwise redeemed or purchased and cancelled in accordance with the Conditions, HICP Linked Notes will be repaid on their maturity date at their nominal amount, plus/less an additional amount reflecting any increase/decrease in the HICP between the Base HICP

figure and the HICP figure relevant to the payment date. The redemption amount is calculated at a specified time prior to the maturity date, unless a maximum or minimum redemption amount is otherwise specified. Where the HICP figure relevant to the payment date is lower than the Base HICP, investors will receive less than the nominal amount of the HICP Linked Notes on the maturity date if no minimum redemption amount is specified, or if the minimum redemption amount is specified at an amount lower than the nominal amount.

The redemption amount due will be calculated as follows, unless a maximum or minimum redemption amount is specified:

Nominal Amount x [HICP figure relating to the maturity date / Base HICP]

REGISTERED OFFICE OF INTESA SANPAOLO

Intesa Sanpaolo S.p.A.
Piazza San Carlo, 156
10121 Turin
Italy

REGISTERED OFFICE OF INSPIRE

Intesa Sanpaolo Bank Ireland p.l.c.
3rd Floor
KBC House
4 George's Dock
IFSC
Dublin 1
Ireland

REGISTERED OFFICE OF SEB

Société Européenne de Banque S.A.
19-21, Boulevard du Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg

DEALERS

Banca IMI S.p.A.
Largo Mattioli, 3
20121 Milan
Italy

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Commerzbank Aktiengesellschaft
Kaiserstrasse 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

Crédit Agricole Corporate and Investment Bank

9, quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ
United Kingdom

Dexia Crediop S.p.A.

Via Venti Settembre, 30
00187 Rome
Italy

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Intesa Sanpaolo S.p.A.

Piazza San Carlo, 156
10121 Turin
Italy

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Natixis

30 avenue Pierre Mendès-France
75013 Paris
France

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

Société Générale

29, boulevard Haussmann
75009 Paris
France

UBS Limited

1 Finsbury Avenue
London EC2M 2PP
United Kingdom

TRUSTEE

The Law Debenture Trust Corporation p.l.c.

5th Floor
100 Wood Street
London EC2V 7EX
United Kingdom

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House

1 Great Winchester Street
London EC2N 2DB
United Kingdom

ITALIAN PAYING AGENT

Intesa Sanpaolo S.p.A.
Piazza San Carlo, 156
10121 Turin
Italy

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS TO THE ISSUERS AND THE GUARANTOR

as to English Law
Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

as to Irish Law
McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS TO THE ARRANGERS AND THE DEALERS

as to English Law and Italian Law
Clifford Chance Studio Legale Associato
Piazzetta M. Bossi, 3
20121 Milan
Italy

as to Luxembourg Law
Clifford Chance
2-4, Place de Paris
B.P. 1147
L-1011 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS TO THE TRUSTEE

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

AUDITORS TO THE ISSUERS AND THE GUARANTOR

Up to 31st December, 2011
Reconta Ernst & Young S.p.A.
Via Della Chiusa, 2
20123 Milan
Italy

as from 28th May, 2012
KPMG S.p.A.
Via Vittor Pisani, 25
20124 Milan
Italy

from 4th April 2007 to 24th April 2012
Ernst & Young Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

as from 25th April 2012
KPMG Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

From 1st January 2003 to 31st December, 2011
Ernst & Young S.A.
7 rue Gabriel Lippmann
Parc d'Activité Syrdall 2
L-5365
Munsbach
Grand Duchy of Luxembourg

as from 1st January, 2012
KPMG Luxembourg S.à r.l
9, Allée Scheffer
L-2520
Luxembourg
Grand Duchy of Luxembourg

LUXEMBOURG LISTING AGENT
Société Européenne de Banque S.A.
19-21, Boulevard du Prince Henri
Luxembourg
L-1724 Luxembourg
Grand Duchy of Luxembourg

ANNEX 2

FORM OF FINAL TERMS FOR THE NEW BONDS (SUBJECT TO COMPLETION AND AMENDMENT)

Final Terms dated [●] 2012

Intesa Sanpaolo S.p.A.
Issue of EUR[●] [●] per cent. Senior Fixed Rate Notes due 2017

under the €70,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●], 2012, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC), as amended (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EU, the "**2010 PD Amending Directive**", to the extent such amendments have been implemented in a relevant Member State. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the registered office of the Issuer at Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours of any weekday (Saturdays and bank holidays excepted) and free of charge. The Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

1. (i) Series Number: [●]
(ii) Tranche Number: 1
2. Specified Currency or Currencies: EUR
3. Aggregate Nominal Amount:
(i) Series: [●]
(ii) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount
[plus accrued interest from (*insert date, if applicable*)]

5. (i) Specified Denominations: EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000. No Notes in definitive form will be issued with a denomination above 199,000.
- (ii) Calculation Amount: EUR1,000
6. (i) Issue Date: [●] 2012
- (ii) Interest Commencement Date Issue Date
(if different from the Issue Date):
7. Maturity Date: [●] November 2012
8. Interest Basis: [●] % Fixed Rate
- (further particulars specified below)
9. Redemption/Payment Basis: Redemption at par
10. Change of Interest or Not Applicable
Redemption/Payment Basis:
11. Put/Call Options: Not Applicable
12. Status of the Notes: Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** Applicable
- (i) Rate(s) of Interest: [●] per cent. per annum in arrear
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount

(iv) Day Count Fraction: Actual/Actual (ICMA)

(v) [Broken Amount(s): [●] per Calculation Amount payable on the Interest Payment Date [in/on] [[●]]]

14. **Floating Rate Note Provisions** Not Applicable

15. **Zero Coupon Note Provisions** Not Applicable

16. **Inflation Linked Interest Note Provisions** Not Applicable

PROVISIONS RELATING TO REDEMPTION

17. **Call Option** Not Applicable

18. **Put Option** Not Applicable

19. **Final Redemption Amount** EUR[●] per Calculation Amount

20. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation, indexation or regulatory reasons, or on event of default: Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. **Form of Notes:** **Bearer Notes**

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.

22. **New Global Note Form:** Yes

23. **Additional Financial Centre(s) or other special provisions relating to Payment** Not Applicable

Dates:

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue and admission to trading of the Notes described herein pursuant to the €70,000,000,000 Euro Medium Term Note Programme of Intesa Sanpaolo S.p.A., Intesa Sanpaolo Bank Ireland p.l.c. and Société Européenne de Banque S.A..

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

1. (i) Listing: Luxembourg
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on [●] with effect from [●].
- (iii) Estimate of total expenses [●]
related to admission for trading

2. RATINGS

Ratings: The Notes to be issued are expected to be rated:

S & P's: BBB+

Moody's: Baa2

Fitch: A-

S&P, Fitch and Moody's are established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**").

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: General funding purposes, in accordance with the section entitled “Use of Proceeds” under “General Information” in the Prospectus
- (ii) Estimated net proceeds: [●]

5. **YIELD**

Indication of yield: [●]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **OPERATIONAL INFORMATION**

ISIN Code: [XS●]

Common Code: [●]

Intended to be held in a manner which would allow Eurosystem eligibility: Yes

Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

Any clearing system(s) other than Not Applicable
Euroclear Bank S.A./N.V., and
Clearstream Banking, société
anonyme and the relevant
identification numbers:

Delivery: Delivery against payment

Names and addresses of additional Not Applicable
Paying Agent(s)(if any):

INTESA SANPAOLO S.P.A.

Piazza San Carlo 156,
10121 Turin
Italy

DEALER MANAGERS

Banca IMI S.p.A.
Largo Mattioli, 3
20121 Milan, Italy
Attention: Debt Capital Markets
Telephone: +39 02 72615362
Fax: +39 02 7261 2220
Email: dcm.fig@bancaimi.com

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom
Telephone: +44 207 545 8011
Attention: Liability Management Group
Email: liability.management@db.com

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom
Telephone: +44 207 9953715/2324
Attention: Liability Management Group / John M.
Cavanagh / Tommaso Gros-Pietro
Email: john.m.cavanagh@baml.com / tommaso.gros-
pietro@baml.com

Natixis
Head office : 30 avenue Pierre Mendès-France
75013 Paris
France
Attention: Liability Management Group (Natixis London
Branch)
Telephone: +44 (0)203 216 9141
Fax: +44 (0)203 216 9201
Email: liability.management@natixis.com

UBS Limited
100 Liverpool Street
London EC2M 2RH
United Kingdom
Telephone: +44 20 7567 0525
Fax: +44 207 568 5332
Attention: Liability Management Group
Email: ol-liability-management@ubs.com

EXCHANGE AGENT
Lucid Issuer Services Limited
Leroy House
436 Essex Road
London N1 3QP
United Kingdom
Telephone: +44 20 7704 0880
Attention: Paul Kamminga / Sunjeev Patel
Email: intesa@lucid-is.com

LEGAL ADVISERS

To the Issuer as to Italian and English law
Allen & Overy – Studio Legale Associato
via Manzoni 41-43
20121 Milan
Italy

To the Dealer Managers as to Italian and English law
Clifford Chance – Studio Legale Associato
Piazzetta M. Bossi, 3
20121 Milan
Italy