PROSPECTUS DATED 12 OCTOBER 2009

INTESA SANPAOLO S.P.A.

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

€1,500,000,000 8.375 per cent. Fixed to Floating Rate Perpetual Subordinated Notes

The €1,500,000,000 Fixed to Floating Rate Perpetual Subordinated Notes (the "**Notes**") are issued by Intesa Sanpaolo S.p.A. (the "**Issuer**") in a single denomination of €50,000. The Issue Price of the Notes is 100.00 per cent.

The Notes will bear interest (i) from and including 14 October 2009 to but excluding 14 October 2019 (the "**Reset Date**") at a rate of 8.375 per cent. per annum, payable annually in arrears on 14 October in each year, and (ii) from and including the Reset Date at a rate of three month Euribor plus a margin of 6.871 per cent. per annum, payable quarterly in arrears on 14 January, 14 April, 14 July and 14 October of each year, beginning on 14 January 2020.

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer as described in Condition 7 (*Redemption and Purchase*) of the terms and conditions of the Notes (the "**Conditions**" and, each of them, a "**Condition**"). The Issuer may, at its option, redeem the Notes in whole, but not in part, on the Reset Date and on any Interest Payment Date (as defined in the Conditions) thereafter at an amount equal to their principal amount, together with any accrued interest and Additional Amounts (as defined in the Conditions), as described in Condition 7.1 (*Redemption at the option of the Issuer*). In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date as follows: (i) upon occurrence of a Capital Disqualification Event or a Tax Deductibility Event (in each case, as defined in the Conditions) at a redemption price equal to the greater of: (a) their principal amount, and (b) their Make Whole Amount (as defined in the Conditions); and (ii) upon occurrence of an Additional Amount Event (as defined in the Conditions) at their principal amount, in each case together with accrued interest and any Additional Amounts, all as described in Conditions 7.2 (*Redemption due to a Capital Disqualification Event*) and 7.3 (*Redemption for tax reasons*). Any redemption of the Notes other than in accordance with the first sentence of this paragraph is subject to the prior approval of the Lead Regulator (as defined herein).

Interest will accrue on a non cumulative basis and, under certain circumstances as described in Condition 5 (*Interest Suspension*), the Issuer may elect or even be required to suspend interest payments on the Notes.

The Notes are expected, on issue, to be rated "A1" by Moody's Investors Service, Inc. ("**Moody's**"), "A-" by Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc., ("**S&P**") and "A+" by Fitch Ratings Ltd ("**Fitch**"). **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**

An investment in Notes involves certain risks. For a discussion of these risks, see the section entitled " *Risk Factors*" on page 11.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5 of Directive 2003/71/EC (the "**Prospectus Directive**"). Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the competent authority in Luxembourg for the purposes of the Prospectus Directive, to approve this document as a prospectus under the Luxembourg Law of 10 July 2005 on Prospectuses for Notes (the "**Luxembourg Prospectus Law**"), which implements the Prospectus Directive in Luxembourg. Application has also been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on its Regulated Market, which is a regulated market for the purposes of the Market in Financial Instruments Directive 2004/39/EC.

Joint Lead Managers

Banca IMI **Goldman Sachs International** **HSBC** **J.P. Morgan**

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is true and in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus should be read and construed together with any documents incorporated by reference herein.

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 Notes or any information supplied by the Issuer 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 the Issuer or any of the Joint Lead Managers (as defined in "Subscription and Sale" *below).*

No representation or warranty is made or implied by the Joint Lead Managers or any of their respective affiliates, and none of the Joint Lead Managers nor 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 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 that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) business or prospects of the Issuer or of the Intesa Sanpaolo Group (as defined below) since the date hereof or that any other information supplied in connection with the Notes 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.

This Prospectus may only be used for the purposes for which it has been published. The distribution of this Prospectus and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offering, or may be used for the purpose of an offer to sell any of the Notes, or a solicitation of an offering to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "Subscription and Sale" *below. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act).*

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Joint Lead Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Notes. Each recipient of this Prospectus shall be deemed to have made its own investigation and appraisal of the condition (financial or otherwise), business and prospects of the Issuer and of the Intesa Sanpaolo Group.

The Issuer will use its best efforts to adopt a consistent approach with respect to interest payments for holders of both its Parity Obligations (as defined herein) and the Notes.

*In this Prospectus, unless otherwise specified, references to "***EUR***", "***euro***", "***Euro***" or "***€***" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended. Unless otherwise specified or where the context requires, references to laws and regulations are to the laws and regulations of Italy.*

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category set out 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.

FORWARD LOOKING STATEMENTS

*This Prospectus includes forward looking statements. These include statements relating to, among other things, the future financial performance of the Intesa Sanpaolo Group (as defined in "*Certain Definitions*" below), plans and expectations regarding developments in the business, growth and profitability of the Intesa Sanpaolo Group and general industry and business conditions applicable to the Intesa Sanpaolo Group. The Issuer has based these forward looking statements on its current expectations, assumptions, estimates and projections about future events. These forward looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results, performance or achievements of the Intesa Sanpaolo Group or those of its industry to be materially different from or worse than these forward looking statements. The Issuer does not assume any obligation to update such forward looking statements and to adapt them to future events or developments except to the extent required by law.*

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities Ltd. (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) 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 (or persons acting on behalf of the Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment shall be conducted 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 1 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 1 January 2007 and references to the "***Group***" or 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 1 January 2007 and references to the "***Banca Intesa Group***" or the "***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. and references to "***Sanpaolo IMI Group***" are to Sanpaolo IMI and its subsidiaries.*

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GENERAL OVERVIEW

This general overview must be read as an introduction to this Prospectus and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus. Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

*In this Prospectus, words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere have the same meanings when used in this general overview and references to a "*Condition*" is to such numbered condition in the Terms and Conditions of the Notes.*

Issuer:	Intesa Sanpaolo S.p.A.
Joint Lead Managers:	Banca IMI S.p.A. Goldman Sachs International HSBC Bank plc J.P. Morgan Securities Ltd.
Principal amount:	€1,500,000,000
Issue price:	100.00 per cent. of the principal amount of the Notes.
Issue date:	14 October 2009
Form and denomination:	The Notes will be issued in bearer form in a single denomination of €50,000 each.
Status of the Notes:	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer which will, in the event of bankruptcy, dissolution, liquidation or winding-up of the Issuer, rank: (i) junior in right of payment to any present or future claims of all unsubordinated creditors of the Issuer and to all present and future Less Deeply Subordinated Obligations; (ii) *pari passu* without any preference among themselves and *pari passu* with all present and future Parity Obligations; and (iii) senior in right of payments to all present and future Junior Obligations.
Maturity:	If not previously redeemed or purchased and cancelled, the Notes will mature and be redeemed on the date on which voluntary or involuntary winding-up proceedings are instituted in respect of the Issuer, in accordance with, as the case may be, (i) a resolution passed at a meeting of the shareholders of the Issuer, (ii) any provision of the By-laws of the Issuer (which currently provide for the duration of the Issuer to run until 31 December 2100 but, if this is extended, redemption of the Notes will be correspondingly adjusted) or (iii) any applicable legal provision or any decision of any judicial or administrative authority.
Redemption at the option of the	The Issuer may, at its option, redeem the Notes in whole, but not in

Issuer:	part, on the Reset Date and on any Interest Payment Date thereafter at their principal amount, together with any accrued interest and any Additional Amounts, as described in Condition 7.1 (*Redemption at the option of the Issuer*).
Redemption due to a Capital Disqualification Event:	The Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date following the occurrence of a Capital Disqualification Event (each, as defined herein) at a redemption price equal to the greater of (i) their principal amount and (ii) the Make Whole Amount, in each case together with any accrued interest and any Additional Amounts, as described in Condition 7.2 (*Redemption due to a Capital Disqualification Event*).
Redemption for tax reasons:	The Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date following the occurrence of a Tax Event as follows: (i) in the case of an Additional Amount Event at the principal amount of the Notes; and (ii) in the case of a Tax Deductibility Event, at a redemption price equal to the greater of (A) the principal amount of the Notes and (B) the Make Whole Amount, in each case, together with any accrued interest and any Additional Amounts, as described in Condition 7.3 (*Redemption for tax reasons*).
Redemption subject to regulatory approval:	Any redemption of the Notes, save in accordance with the section "Maturity" above, is subject to the prior approval of the Lead Regulator.
Interest:	The Notes will bear interest on a non-cumulative basis as follows: (i) from and including 14 October 2009 to but excluding 14 October 2019 (the "**Reset Date**") at a rate of 8.375 per cent. per annum, payable annually in arrears on 14 October in each year; and (ii) from and including the Reset Date at a rate of three month Euribor plus a margin of 6.871 per cent. per annum, payable quarterly in arrears on 14 January, 14 April, 14 July and 14 October of each year, beginning on 14 January 2020 or, if any such day is not a Business Day, on the immediately following Business Day or, if such immediately following Business Day falls on a day of another month, the immediately preceding Business Day.
Optional suspension of interest:	Subject to "*Mandatory payment of interest*" below, the Issuer may elect, by giving notice to the Noteholders pursuant to Condition 15 (*Notices*) no later than 15 Business Days notice prior to the relevant Interest Payment Date, not to pay all (or part only) of the interest accrued up

to such Interest Payment Date if:

(i) the Issuer does not have Distributable Profits according to its Latest Accounts; and/or

(ii) since the Issuer's annual shareholders' meeting in respect of the non-consolidated financial statements for the financial year immediately preceding the year in which such Interest Payment Date falls, no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Obligations,

all as described in Condition 5.1 (*Optional suspension of interest*).

Mandatory suspension of interest: Provided that the Issuer has not declared or paid any dividends or other distributions on any Junior Obligations during the 12-month period prior to an Interest Payment Date, the Issuer will be prohibited from:

- paying all (or part only) of the interest accrued up to such Interest Payment Date if and to the extent that a Capital Deficiency Event regarding the Issuer would occur if the Issuer made the payment of interest (in whole or in part) on such Interest Payment Date; or
- paying all (but not part only) of the interest accrued to such Interest Payment Date if:

  (a) a Capital Deficiency Event regarding the Issuer has occurred and is continuing on such Interest Payment Date; or

  (b) the Issuer is prohibited under applicable Italian legislation or regulation from declaring a dividend or making a distribution on its Junior Obligations, other than in the case of a Capital Deficiency Event,

all as described in Condition 5.2 (*Mandatory suspension of interest*).

Non-cumulative interest: Where the Issuer elects not to pay interest pursuant to Condition 5.1 (*Optional suspension of interest*) or is prohibited from paying interest pursuant to Condition 5.2 (*Mandatory suspension of interest*), it shall not have any obligation to make such interest payment on the relevant Interest Payment Date and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under the Conditions or for any purpose.

Interest which the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all Noteholders' rights and claims in respect of any such amounts will be fully and

irrevocably cancelled and forfeited.

Mandatory payment of interest:

The Issuer is required to pay interest (including, without limitation, in the event of a Capital Deficiency Event) on any Interest Payment Date in full if and to the extent that during the 12-month period prior to such Interest Payment Date the Issuer has declared or paid dividends or other distributions on any Junior Obligations.

Subject to "*Mandatory suspension of interest*" above, the Issuer is required to pay interest on any Interest Payment Date in full if and to the extent that during the 12-month (or six-month or three-month period for securities other than shares where remuneration is paid every six months or three months, respectively) period prior to such Interest Payment Date, the Issuer or any subsidiary of the Issuer has redeemed, repurchased or acquired any Junior Obligations (other than a Permitted Repurchase).

Notwithstanding the above provisions, the Issuer is required to pay interest on an Interest Payment Date if a Capital Disqualification Event has occurred and is continuing.

See Condition 5.3 (*Mandatory payment of interest*).

The Issuer will use its best efforts to adopt a consistent approach with respect to interest payments for holders of both its Parity Obligations and the Notes.

Loss absorption:

To the extent that the Issuer at any time suffers losses (taking into account, *inter alia*, profits and losses relating to previous financial years) which would result in a Capital Deficiency Event, the obligations of the Issuer relating to the principal amount of the Notes will be suspended to the extent necessary to enable the Issuer to continue to carry on its activities in accordance with applicable regulatory requirements, as described in further detail in Condition 6 (*Loss Absorption*). In any such case, but at all times subject to "*Mandatory suspension of interest*" above, interest will continue to accrue on the original nominal value of the Notes.

Reinstatement following Loss absorption:

Following suspension of all or part of the Issuer's payment obligations described in "*Loss absorption*" above, such obligations will be reinstated (in priority to any Junior Obligations and on a *pari passu* basis with any Parity Obligations), as if they had not been so suspended:

(i) in whole, in the event of voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, including,

inter alia, *Liquidazione Coatta Amministrativa*);

(ii) in whole, in the event of early redemption of the Notes pursuant to Conditions 7.1 (*Redemption at the option of the Issuer*), 7.2 (*Redemption due to a Capital Disqualification Event*) or 7.3 (*Redemption for tax reasons*); and

(iii) in whole or in part, from time to time, to the extent that the Capital Deficiency Event has ceased and is no longer continuing,

all as described in further detail in Condition 6 (*Loss Absorption*).

Variation of the terms and conditions of the Notes

The Issuer may in certain circumstances modify the Conditions without any requirement for the consent of Noteholders to the extent that such modification is reasonably necessary to ensure that no Capital Disqualification Event or Tax Event would exist after such modification, provided that following such modification the terms and conditions of the Notes are no more prejudicial to Noteholders than the terms and conditions of the Notes prior to such modification, as described in Condition 13.3 (*Modification following a Capital Disqualification Event or a Tax Event*).

Taxation:

All payments in respect of the Notes will be made free and clear of withholding or deduction for taxes imposed by the Republic of Italy (as the case may be and subject to certain customary exceptions), unless such a withholding or deduction is required by law. In that event and save as provided below, the Issuer will (subject as provided in Condition 9 (*Taxation*)) pay Additional Amounts so that Noteholders receive such amounts as they would have received if such withholding or deduction had not been applied.

However, in certain circumstances and as more fully set out in Condition 9 (*Taxation*), the Issuer shall not be liable to pay any Additional Amounts to Noteholders, including in particular with respect to any payment, withholding or deduction pursuant to Decree No. 239 on account of Italian substitute tax (*imposta sostitutiva*).

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by English law, save that Condition 3 (*Status and Subordination of the Notes*) and any non-contractual obligations arising out of or in connection with such Condition are governed by Italian law.

Listing and Trading:

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on its Regulated Market.

Rating:

The Notes are expected to be rated "A1" by Moody's, "A-" by S&P

	and "A+" by Fitch. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**
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 of America, the United Kingdom and Italy, see "*Subscription and Sale*" below.
Clearing systems:	Euroclear and Clearstream, Luxembourg.
ISIN:	XS0456541506
Common code:	045654150

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is 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 the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent to an investment in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it currently may not be able to anticipate.

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.

*In this Prospectus, words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere have the same meanings when used in this section. References to a "*Condition*" is to such numbered condition in the Terms and Conditions of the Notes.*

Prospective investors should read the entire Prospectus.

RISK FACTORS IN RELATION TO THE ISSUER

Liquidity risks

The Intesa Sanpaolo Group's businesses are subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Intesa Sanpaolo Group's ability to meet its financial obligations as they fall due or to fulfil commitments to lend. In order to ensure that the Intesa Sanpaolo Group continues to meet its funding obligations and to maintain or grow its business generally, it relies on customer savings and transmission balances, as well as ongoing access to the wholesale lending markets. The ability of the Intesa Sanpaolo Group to access wholesale and retail funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system. The current dislocation in the global and Italian capital markets and credit conditions has led to the most severe examination of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and has had an impact on the wider economy. Individual institutions have faced varying degrees of stress. Should the Intesa Sanpaolo Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Intesa Sanpaolo Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

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 borrower 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) a progressive reduction in the differential between lending and borrowing interest rate, which may result in the Issuer facing difficulties in maintaining its actual rate of growth in interest rate margins; and

(b) 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 the Issuer'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.

Changes in regulatory framework and accounting policies

The Intesa Sanpaolo Group is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the Italian securities markets regulator), the European Central Bank and the European System of Central Banks. The banking laws to which the Intesa Sanpaolo Group is subject govern the activities in which banks and banking foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Intesa Sanpaolo Group must comply with financial services laws that govern its marketing and selling practices. One particularly significant change in regulatory requirements affecting the Intesa Sanpaolo Group is the pending implementation of the New Basel Capital Accord (Basel II) on capital requirements for financial institutions.

Any changes in how such regulations are applied or implemented for financial institutions may have a material effect on the Issuer's business and operations. As some of the laws and regulations affecting the Intesa Sanpaolo Group have been adopted only recently, the manner in which they are applied to the operations of financial institutions is still evolving and their implementation, enforcement and/or interpretation may have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer.

Value of financial instruments recorded at fair value

Under IFRS, the Intesa Sanpaolo Group recognises at fair value: (i) financial instruments classified as "held-for-trading" or "designated as at fair value through profit or loss", (ii) financial assets classified as "available for sale" and (iii) derivatives, each as further described in "Accounting Policies" in the notes to the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2008, which are incorporated by reference in this Prospectus. Generally, in order to establish the fair value of these instruments, the Intesa Sanpaolo Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions, as has been the case over the past several months. In such circumstances, the Intesa Sanpaolo Group's internal valuation models require the Intesa Sanpaolo Group to make assumptions, judgments and estimates in order to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgments and estimates the Intesa Sanpaolo Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates may need to be updated to reflect changing trends and market conditions. The resulting change in fair values of the financial instruments could have a material adverse effect on the Intesa Sanpaolo Group's earnings and financial condition.

Risk arising from unforeseeable events

The Intesa Sanpaolo Group's earnings and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and

regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, at a regional, national and international level. Each of these factors can change the level of demand for the Intesa Sanpaolo Group's products and services, the credit quality of borrowers and counterparties, the interest rate margin between lending and borrowing costs and the value of its investment and trading portfolios.

Financial condition of banks and other financial institutions

The Intesa Sanpaolo Group is exposed to many different industries and counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these relationships expose the Intesa Sanpaolo Group to credit risk in the event of default of a counterparty or client. In addition, the Intesa Sanpaolo Group's credit risk may be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. Many of the hedging and other risk management strategies utilised by the Intesa Sanpaolo Group also involve transactions with financial services counterparties. The weakness or insolvency of these counterparties may impair the effectiveness of the Intesa Sanpaolo Group's hedging and other risk management strategies.

Changes in interest rates

Fluctuations in interest rates in Italy influence the Intesa Sanpaolo Group's financial performance. The results of the Intesa Sanpaolo Group's banking operations are affected by its management of interest rate sensitivity and, in particular, changes in market interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Intesa Sanpaolo Group's financial condition or results of operations.

Market declines and volatility

The results of the Intesa Sanpaolo Group are affected by general economic, financial and other business conditions. During a recession, there may be less demand for loan products and a greater number of the Intesa Sanpaolo Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Intesa Sanpaolo Group's borrowers and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

Credit and market risk

To the extent that any of the instruments and strategies used by the Intesa Sanpaolo Group to hedge or otherwise manage its exposure to credit or market risk are not effective, the Intesa Sanpaolo Group may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Intesa Sanpaolo Group's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Intesa Sanpaolo Group's financial results also depend upon how effectively it determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

Protracted market declines and reduced liquidity in the markets

In some of the Intesa Sanpaolo Group's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the Intesa Sanpaolo Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the Intesa Sanpaolo Group using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Intesa Sanpaolo Group's operating results and financial condition.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Intesa Sanpaolo Group's securities trading activities and its asset management services, as well as its investments in and sales of products linked to the performance of financial assets.

Risk management and exposure to unidentified or unanticipated risks

The Intesa Sanpaolo Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risks and intends to continue to do so in the future. Nonetheless, the Intesa Sanpaolo Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Intesa Sanpaolo Group fails to identify or anticipate. If existing or potential customers believe that the Intesa Sanpaolo Group's risk management policies and procedures are inadequate, its reputation as well as its revenues and profits may be negatively affected.

Operational risk

The Intesa Sanpaolo Group, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems. The Intesa Sanpaolo Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect its financial performance and business activities.

RISK FACTORS IN RELATION TO THE NOTES

An investment in the Notes involves certain risks associated with the characteristics of the Notes. Such risks could result in principal or interest not being paid by the Issuer and/or a material impairment of the market price of the Notes. The following is a description of certain risk factors in relation 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;

(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 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 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.

The Notes are complex and sophisticated financial instruments. Sophisticated institutional investors generally do not purchase complex and sophisticated financial instruments as standalone 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 the Notes 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.

Perpetual securities

The Issuer is under no obligation to redeem the Notes at any time before the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer and the Noteholders have no right to call for their redemption.

Subordination

The Notes will be direct, unsecured, subordinated obligations of the Issuer. Upon the occurrence of any winding up proceedings of the Issuer, payments on the Notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer (including dated subordinated obligations), except those liabilities which rank *pari passu* with, or junior to, the Notes. In liquidation, dissolution, insolvency, composition or other proceedings aimed at avoiding the insolvency of the Issuer, the Noteholders may recover proportionally less than the holders of unsubordinated and Less Deeply Subordinated Obligations of the Issuer.

The Noteholders explicitly accept that, in the circumstances described above, payments in respect of the Notes will be made by the Issuer only in accordance with the subordination provisions described above and elsewhere in this Prospectus.

No limitation on issuing debt

There is no restriction on the amount of liabilities which the Issuer may issue, guarantee or otherwise incur which rank senior to the Notes or *pari passu* with the Notes. Such liabilities may reduce the amount recoverable by Noteholders on a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer. In addition, such increased liabilities may increase the risk of suspension of interest payments by the Issuer.

Redemption risk

The Notes will be redeemed on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer or as described in Condition 7 (*Redemption and Purchase*). The Issuer may, at its option, also redeem the Notes in whole, but not in part, on the Reset Date and on any Interest Payment Date thereafter at an amount equal to their principal amount, together with any accrued interest, as described in Condition 7.1 (*Redemption at the option of the Issuer*). In addition, the Issuer may, at its option, redeem the Notes in whole, but not in part, at any time before the Reset Date as follows:

(i) following the occurrence of a Capital Disqualification Event or a Tax Deductibility Event, at a redemption price equal to the greater of (a) the principal amount and (b) the Make Whole Amount, as described in Condition 7.2 (*Redemption due to a Capital Disqualification Event*); and

(ii) upon the occurrence of an Additional Amount Event, at a redemption price equal to the principal amount of the Notes, as described in Condition 7.3 (*Redemption for tax reasons*),

in each case, together with interest accrued and Additional Amounts.

If the Issuer calls and redeems the Notes in any of the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield.

In addition, any early redemption of the Notes is subject to prior approval of the Bank of Italy, regardless of whether such redemption would be favourable or unfavourable to Noteholders

Optional suspension of interest payments

The Issuer may, by giving not less than fifteen business days prior notice, elect in its discretion not to pay all (or to pay part only) of the interest accrued to an Interest Payment Date if:

(i) the Issuer does not have Distributable Profits, according to its Latest Accounts; and/or

(ii) since the Issuer's annual shareholders' meeting in respect of the non-consolidated financial statements for the financial year immediately preceding the year in which such Interest Payment Date falls, no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Notes.

For further details see Condition 5.1 (*Optional suspension of interest*).

Interest that the Issuer elects not to pay pursuant to Condition 5.1 (*Optional suspension of interest*) will not accumulate or compound and all rights and claims in respect of any such amounts will be fully and irrevocably cancelled and forfeited. As a consequence, if interest is suspended, Noteholders will not receive, and will have no right to receive, such interest at any time, even if dividends or other distributions are subsequently declared made, approved or set aside for payment in respect of any Junior Obligations.

Mandatory suspension of interest payments

Provided that the Issuer has not declared or paid any dividends or other distributions on any Junior Obligations during the 12-month period prior to the relevant Interest Payment Date, the Issuer will be prohibited from:

(i) paying all (or part only) of the interest accrued to an Interest Payment Date if and to the extent that a Capital Deficiency Event regarding the Issuer would occur if the Issuer made the payment of interest (in whole or in part) on such Interest Payment Date; or

(ii) paying all (or part only) of the interest accrued to an Interest Payment Date if:

(a) a Capital Deficiency Event regarding the Issuer has occurred and is continuing on such Interest Payment Date; or

(b) the Issuer is prohibited under applicable Italian legislation or regulation from declaring a dividend or making a distribution on its Junior Obligations, other than in the case of a Capital Deficiency Event.

For further details, see Condition 5.2 (*Mandatory suspension of interest*).

Interest that the Issuer is prohibited from paying pursuant to Condition 5.2 (*Mandatory suspension of interest*) will not accumulate or compound and all rights and claims of Noteholders in respect of any such amounts will be fully and irrevocably cancelled and forfeited. As a consequence, if interest is suspended, Noteholders will not receive, and will have no right to receive, such interest at any time, even if dividends or other distributions are subsequently declared, made, approved or set aside for payment in respect of any Junior Notes.

Variation of the terms and conditions of the Notes

The Issuer may in certain circumstances modify the terms and conditions of the Notes without any requirement for the consent of Noteholders to the extent that such modification is reasonably necessary to ensure that no Capital Disqualification Event or Tax Event would exist after such modification, provided that following such modification the terms and conditions of the Notes are no more prejudicial to Noteholders than the terms and conditions of the Notes prior to such modification, as described in Condition 13.3 (*Modification following a Capital Disqualification Event or a Tax Event*).

Fixed rate securities

Until the Reset Date, the Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes and lead to losses for Noteholders if they sell Notes before the Reset Date.

Classification of the Notes under Italian tax law

Italian tax law does not provide for any specific and proper definition of "bonds" and "debentures similar to bonds" referred to in article 1 *et seq.* of Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"). The statements contained in the section "*Taxation – Italy*" regarding the applicability of the tax regime provided for by Decree No. 239 to the Notes are based on clarifications given by the Italian Revenue Agency in Circular No. 4/E of 18 January 2006, according to which bonds may have a maturity which is not scheduled at a specific date, but which instead is linked either to the duration of the issuing company (as is the case with the Notes) or to the liquidation of the issuer, if the company has been incorporated for an indefinite period pursuant to article 2328(2), paragraph 13 of the Italian civil code. Prospective purchasers and holders

of the Notes should be aware that the above clarifications (as well as the Italian tax provisions in effect as of the date of this Prospectus) are subject to changes, which could even apply retrospectively.

If, as a result of a change in Italian tax provisions or in the interpretation applied by the Italian tax authorities, the Notes were classified as "atypical securities" pursuant to article 5 of Law Decree No. 512 of 30 September 1983 (instead of being qualified as "bonds" or "debentures similar to bonds" and subject to the tax regime described in the section "*Taxation – Italy*"), interest and other proceeds in respect of the Notes (including the difference between the redemption amount and the issue price) could be subject to Italian withholding tax at a rate of 27 per cent. if owed to beneficial owners that are not resident in Italy for tax purposes or to certain categories of Italian resident beneficiaries, depending on the legal status of the beneficial owner of such interest and other proceeds.

The applicability of such a withholding tax in relation to interest and other proceeds paid to non Italian resident beneficiaries would give rise to an obligation of the Issuer to pay Additional Amounts pursuant to Condition 9.1 (*Gross up*) (except in the circumstances set out below) and would, as a consequence, allow the Issuer to redeem the Notes at their principal amount, together with interest accrued pursuant to Condition 7.3 (*Redemption for tax reasons*).

On the other hand, based on Condition 9.1 (*Gross up*), the above withholding tax would not give rise to any obligation of the Issuer to pay Additional Amounts when levied in respect of interest and other proceeds paid to certain Italian resident beneficiaries or to non Italian resident entities or individuals which are resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities.

EU Savings Directive

Under EC Council Directive 2003/48/EC, each Member State is required to provide to the tax authorities of each other Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person in favour of, a beneficial owner that is an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first 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, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, a beneficial owner that is an individual resident 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 in one of those territories.

If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay Additional Amounts with respect to any Notes as a result of the imposition of such withholding tax. However, if a withholding tax is imposed on payment made by a Paying Agent following implementing of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes are represented by Global Notes. Such Global Notes will be deposited with a common depositary 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 a Global Note, 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 the common depositary 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.

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: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various forms of borrowing; and (iii) other restrictions apply to the 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.

RISKS RELATED TO THE MARKET GENERALLY

A brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk is set out below

The secondary market generally

Although application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange, the Notes may have no established trading market when issued and one may never develop. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that any such liquidity will continue for the life of such Notes. Consequently, 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. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. 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 Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro 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 Euro would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

In addition, 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 at all.

Credit ratings may not reflect all risks

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

Any change in the credit ratings assigned to the Notes may affect the market value of the Notes. Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally. In this connection, on 17 June 2009, Moody's Investors Service, Inc. ("**Moody's**") published a request for comment (the "**Request for Comment**") entitled "*Request for Comment: Moody's Proposed Changes to Bank Subordinated Capital*". The Request for Comment asked market participants for comments on its global rating methodology for bank subordinated capital, including hybrid instruments. In particular, the Request for Comment noted that Moody's is considering, among other things, wider notching based on the riskiness of the hybrid instrument's particular features. On 28 July 2009, Moody's announced that it expected to release its finalised methodology during September 2009 and that any ratings potentially affected by the changes in methodology would be placed on review shortly thereafter. As at the date of this Prospectus, Moody's has not yet released its finalised methodology but this is expected at any time and may even occur prior to the Issue Date. Prospective investors should be aware that such change in Moody's methodology may result in the Notes being downgraded (if the Notes are issued before the new methodology is applied by Moody's to the Notes) or receiving a lower rating than the "A1" rating currently expected from Moody's (if the Notes are issued after the new methodology is applied by Moody's to the Notes). It is also possible that the Notes and other capital contribution securities issued by the Issuer may be awarded different ratings by Moody's upon application of its new methodology for rating bank subordinated capital and that, in such a case, the Notes might be rated lower than such other capital contribution securities

The Issuer believes that the risks described above are the principal risks inherent to an investment in the Notes. The Issuer does not represent that the above statements of the risks of holding the Notes are exhaustive.

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 unaudited consolidated semi-annual financial statements of the Intesa Sanpaolo Group as at 30 June 2009, as shown in the Intesa Sanpaolo half-yearly report as at 30 June 2009;

(ii) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2008, as shown in the Intesa Sanpaolo Group 2008 Annual Report; and

(iii) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2007, as shown in the Intesa Sanpaolo Group 2007 Annual Report,

in each case together with the accompanying notes and (where applicable) independent auditors' reports prepared in connection therewith.

The Issuer 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. Request for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. In addition such documents will be available, without charge, at the principal office of the Fiscal Agent in Luxembourg and on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

Cross reference list

The following table shows where the items of information, including those required under Annex XI, paragraph 11.1 of Commission Regulation (EC) No. 809/2004, can be found in the above-mentioned documents.

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Any information not listed in the cross-reference list, but included in the documents referred to above, is given for information purposes only and does not form part of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which will be endorsed on each Note in definitive form. 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.*

The issue of the €1,500,000,000 Fixed to Floating Rate Perpetual Subordinated Notes (the "**Notes**") issued by Intesa Sanpaolo S.p.A. (the "**Issuer**" or "**Intesa Sanpaolo**") was authorised by a resolution of the board of directors of the Issuer passed on 29 September 2009. The Notes are the subject of a fiscal agency agreement dated 14 October 2009 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are a summary of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) and talons for further Coupons ("**Talons**") which form part of each Coupon sheet of the Notes, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Conditions the following expressions have the following meanings:

"**Additional Amount Event**" means a situation whereby:

(i) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 9 (*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 thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 October 2009; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

"**Additional Amounts**" has the meaning given in Condition 9.1 (*Taxation - Gross up*);

"**Bank of Italy Regulations**" means the regulations of the Bank of Italy relating to the capital adequacy of banks (*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in the Bank of Italy's Circular number 263 dated 27 December 2006), as amended and supplemented from time to time;

"**Business Day**" means a TARGET Settlement Day;

"**Calculation Agent**" means the Fiscal Agent or any successor calculation agent appointed from time to time in connection with the Notes;

"**Capital Deficiency Event**" means:

(i) an event occurring when, as a result of losses incurred by the Issuer, on a consolidated or non-consolidated basis, the total risk-based capital ratio (*coefficiente patrimoniale complessivo*) of the Issuer, on a consolidated or non-consolidated basis as calculated in accordance with applicable Italian banking laws and regulations, and either (A) reported in the Issuer's reporting to the Lead Regulator (currently *Matrice dei Conti*) or (B) determined by the Lead Regulator and communicated to the Issuer, falls below the then minimum requirements of the Lead Regulator specified in the applicable regulations (being, as at 12 October 2009, equal to five per cent. pursuant to the Bank of Italy's Regulations); or

(ii) the Lead Regulator, in its sole discretion, notifies the Issuer that it has determined that the Issuer's financial condition is deteriorating in such a way that an event specified in (i) above is likely to occur in the short term;

"**Capital Disqualification Event**" means a situation whereby (a) the Notes would not be eligible to qualify (save, where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital resources for the Issuer for the purposes of its Tier 1 Capital; and (b) the Lead Regulator has confirmed to the Issuer that the Notes would not be eligible to qualify as regulatory capital resources for the Issuer for the purposes of its Tier 1 Capital;

"**Capital Disqualification Event Redemption Date**" means the date fixed for redemption of the Notes in a notice delivered by the Issuer pursuant to Condition 7.2 (*Redemption and Purchase – Redemption due to a Capital Disqualification Event*) following a Capital Disqualification Event;

"**Comparable German Bund Issue**" means the German Bund security selected by the Calculation Agent as having a maturity comparable to 14 October 2019 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities having a maturity of 14 October 2019;

"**Comparable German Bund Price**" means:

(i) the average of five Reference German Bund Dealer Quotations for the relevant Capital Disqualification Event Redemption Date, after excluding the highest and lowest such Reference German Bund Dealer Quotations; or

(ii) if the Calculation Agent obtains fewer than five such Reference German Bund Dealer Quotations, the average of all such Reference German Bund Dealer Quotations;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Decree No. 239**" means Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended, supplemented or replaced from time to time;

"**Deed of Covenant**" means the deed of covenant relating to the Notes to be executed by the Issuer on the Issue Date, as amended or supplemented from time to time;

"**Distributable Profits**" means net profits of the Issuer that are stated as being available for the payment of a dividend or the making of a distribution on any Junior Obligations;

"**Euro-zone**" means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Financial Year End Date**" means 31 December in any calendar year;

"**Fixed Rate Coupon**" means a Coupon for payment of interest accruing in a Fixed Rate Interest Period;

"**Fixed Rate Day Count Fraction**" means in respect of the calculation of an amount for any period of time during the Fixed Rate Interest Period (for the purposes of this definition, the "**Calculation Period**") the actual number of days in the relevant Calculation Period divided by the actual number of days in the relevant calendar year;

"**Fixed Rate Interest Payment Date**" means 14 October of each year beginning on 14 October 2010 up to and including the Reset Date;

"**Fixed Rate Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date for so long as Condition 4.1 (*Interest – Fixed rate*) applies;

"**Fixed Rate of Interest**" has the meaning given in Condition 4.1 (*Interest – Fixed rate*);

"**Floating Rate Coupon**" means a Coupon for payment of interest accruing in a Floating Rate Interest Period;

"**Floating Rate Day Count Fraction**" means in respect of the calculation of an amount for any period of time in the Floating Rate Interest Period (for the purposes of this definition, the "**Calculation Period**") the actual number of days in the relevant Calculation Period divided by 360;

"**Floating Rate Interest Determination Date**" has the meaning given in Condition 4.2 (*Interest – Floating Rate*);

"**Floating Rate Interest Payment Date**" means 14 January, 14 April, 14 July and 14 October of each year, beginning on 14 January 2020 up to and including the date of redemption of the Notes (or, if any such day is not a Business Day, on the immediately following Business Day or, if such immediately following Business Day falls on a day of another month, the immediately preceding Business Day);

"**Floating Rate Interest Period**" means each period beginning on (and including) the Reset Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date when Condition 4.2 (*Interest – Floating rate*) applies;

"**Floating Rate of Interest**" has the meaning given in Condition 4.2 (*Interest – Floating Rate*);

"**German Bund Rate**" means, with respect to the relevant Capital Disqualification Event Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price calculated by the Calculation Agent;

"**German Business Day**" means a day other than a Saturday or Sunday or a day on which banking institutions in Frankfurt, Germany, are authorised or required by law or executive order to remain closed;

"**Group**" means the Issuer and its Subsidiaries;

"**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 Payment Date**" means a Fixed Rate Interest Payment Date or a Floating Rate Interest Payment Date, as the case may be;

"**Interest Period**" means a Fixed Rate Interest Period or a Floating Rate Interest Period, as the case may be;

"**Issue Date**" means 14 October 2009;

"**Italian Banking Act**" means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time;

"**Junior Obligations**" means ordinary shares (*azioni ordinarie*) of the Issuer and its preferred shares (*azioni privilegiate*) and saving shares (*azioni di risparmio*), if any, and any other securities, guarantees or similar instruments outstanding as at the Issue Date or issued thereafter that expressly or effectively rank junior to Parity Obligations;

"**Latest Accounts**" means the non-consolidated accounts approved by the Issuer relating to the Financial Year End Date immediately preceding the financial year in which the relevant Interest Payment Date falls or, where such accounts are not available, the last set of non-consolidated financial statements as of and for a period ending on a Financial Year End Date approved by the Issuer prior to the relevant Interest Payment Date;

"**Lead Regulator**" means the Bank of Italy, or any successor entity of the Bank of Italy, or any other competent regulator to which the Issuer becomes subject as its lead regulator;

"**Less Deeply Subordinated Obligations**" means any obligation of the Issuer, whether or not having a fixed maturity date, which by its terms is, or is expressed to be, subordinated in the event of liquidation or insolvency of the Issuer to the claims of any unsubordinated creditors of the Issuer but senior to the Notes including, but not limited to, Upper Tier 2 Liabilities and Lower Tier 2 Liabilities of the Issuer;

"***Liquidazione Coatta Amministrativa***" means *Liquidazione Coatta Amministrativa* as described in articles 80 to 94 of the Italian Banking Act;

"**Lower Tier 2 Liabilities**" means *passività subordinate* as defined in Title I, Chapter 2, Section II, paragraph 4.2 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition;

"**Make Whole Amount**" means, in respect of each Note, the principal amount of such Note, assuming such Note to be due and payable on the Reset Date, together with interest to be accrued from the relevant Capital Disqualification Event Redemption Date to (but excluding) the Reset Date, assuming all such amounts to be due in full, in each case discounted to the relevant Capital Disqualification Event Redemption Date on an annual basis (calculated on the basis of the actual number of days in the relevant calendar year and the actual number of days in such period) at the German Bund Rate plus 1.75 per cent., as calculated by the Calculation Agent;

"**Parity Obligations**" means (i) all unsecured obligations or instruments of the Issuer ranking (or expressed to rank) *pari passu* with the Notes, and (ii) all guarantees or similar instruments of the Issuer granted for the benefit of preferred securities or preferred or preference shares issued by a

Subsidiary of the Issuer, if any, in each case including for the avoidance of doubt the guarantees given in respect of the following outstanding Tier 1 securities:

ISIN Code	Issue Date	Issuer	Early Redemption Date
XS0120282610	10/11/00	SPIMI Capital Company LLCI	10/11/10
XS0131944323	12/07/01	IntesaBci LLCIII	12/07/11
XS0371711663	20/06/08	Intesa Sanpaolo S.p.A.	20/06/18
XS0388841669	24/09/08	Intesa Sanpaolo S.p.A.	24/09/18

"**Payment Business Day**" means:

(i) 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

(ii) in the case of payment by transfer to an account, a TARGET Settlement Day;

"**Permitted Repurchase**" means:

(i) any redemption, repurchase or other acquisition of Junior Obligations held by the Issuer or any of its Subsidiaries;

(ii) a reclassification of the equity share capital of the Issuer or any of its Subsidiaries or the exchange or conversion of one class or series of equity share capital for another class or series of equity share capital;

(iii) the purchase of fractional interests in the share capital of the Issuer or any of its Subsidiaries pursuant to the conversion or exchange provisions of such security being converted or exchanged;

(iv) any redemption or other acquisition of Junior Obligations in connection with a levy of execution for the satisfaction of a claim by the Issuer or any of its Subsidiaries;

(v) any redemption or other acquisition of Junior Obligations in connection with the satisfaction by the Issuer or any of its Subsidiaries of its obligations under any employee benefit plan or similar arrangement; or

(vi) any redemption or other acquisition of Junior Obligations in connection with transactions effected by or for the account of customers of the Issuer or any of its Subsidiaries or in connection with the distribution, trading or market-making in respect of such securities;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Rate of Interest**" means the Fixed Rate of Interest or the Floating Rate of Interest, as the case may be;

"**Reference German Bund Dealer**" means any German Bund dealer selected by the Calculation Agent and approved by the Issuer (such approval not to be unreasonably withheld or delayed);

"**Reference German Bund Dealer Quotations**" means, with respect to each Reference German Bund Dealer and the relevant Capital Disqualification Event Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference German Bund Dealer at 3.30 p.m., Frankfurt time, on the third German Business Day immediately preceding the relevant Capital Disqualification Event Redemption Date;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due, and (ii) if the full amount payable has not been received by the Fiscal 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;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes, to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution or to change the provisions contained in Condition 3 (*Status and Subordination of the Notes*);

"**Reset Date**" has the meaning given in Condition 4.1 (*Interest – Fixed rate*);

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Subsidiary**" means a *società controllata*, as defined in article 2359, first and second paragraphs of the Italian civil code;

"**TARGET**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET is open for the settlement of payments in euro;

"**Tax Deductibility Event**" means a situation whereby:

(i) interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, fully deductible by the Issuer for Italian corporate income tax purposes as a result of any change in, or amendment to, the laws or regulations or applicable accounting standards of the Republic of Italy, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or standards, which change or amendment becomes effective on or after 12 October 2009 (save where any non-deductibility of interest payable by the Issuer in respect of the Notes is solely as a result of the Issuer exceeding any applicable general threshold of aggregate interest expenses that may be deducted by the Issuer in any financial year for Italian corporate income tax purposes); and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

"**Tax Event**" means a Tax Deductibility Event or an Additional Amount Event;

"**Tax Event Redemption Date**" means the date fixed for redemption of the Notes in a notice delivered by the Issuer pursuant to Condition 7.3 (*Redemption and Purchase – Redemption for tax reasons*) following a Tax Event;

"**Tier 1 Capital**" means *patrimonio di base* as defined in Title I, Chapter 2, Section II, paragraph 1.1 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition;

"**Treaty**" means the Treaty establishing the European Communities, as amended; and

"**Upper Tier 2 Liabilities**" means *strumenti ibridi di patrimonializzazione* as defined in Title I, Chapter 2, Section II, paragraph 4.1 of the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition.

1.2 **Interpretation**

In these Conditions:

(i) any reference to principal shall be deemed to include the principal amount of the Notes, any Additional Amounts, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(ii) any reference to interest shall be deemed to include any Additional Amounts and any other amount in the nature of interest payable pursuant to these Conditions;

(iii) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement; and

(iv) references to "Coupons" shall, unless the context otherwise requires, be deemed to include a reference to Talons.

2. FORM, DENOMINATION AND TITLE

The Notes are in bearer form in a single denomination of €50,000 with Coupons and Talons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. 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 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 the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. STATUS AND SUBORDINATION OF THE NOTES

3.1 **Status of the Notes**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank:

(i) *pari passu* without any preference among themselves and *pari passu* with any present and future Parity Obligations;

(ii) junior in right of payment to any present and future claims of all unsubordinated creditors of the Issuer and to all present and future Less Deeply Subordinated Obligations; and

(iii) senior in right of payment to any Junior Obligations.

3.2 **Subordination**

By virtue of such subordination, payments to Noteholders will, in the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, only be made after, and any set-off by any Noteholders shall be excluded until, the payment of any present or future claims of all unsubordinated creditors of the Issuer and of all Less Deeply Subordinated Obligations in any such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer have been satisfied in full or after an arrangement or composition has been agreed between them pursuant to which they have given full discharge against receipt of part of their claim.

4. **INTEREST**

4.1 **Fixed rate**

The Notes bear interest on a non-cumulative basis from and including the Issue Date to but excluding the Interest Payment Date falling on 14 October 2019 (the "**Reset Date**") at the rate of 8.375 per cent. per annum (the "**Fixed Rate of Interest**"), payable, subject as provided in these Conditions, annually in arrears on each Fixed Rate Interest Payment Date. The first interest payment shall be made on 14 October 2010 in respect of the period from (and including) the Issue Date to (but excluding) 14 October 2010 and shall be in the amount of €4,187.50 per Note. The amount of interest payable in respect of each Note for any period which is not equal to a Fixed Rate Interest Period shall be calculated by applying the Fixed Rate of Interest to the principal amount of such Note, multiplying the product by the Fixed Rate Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

4.2 **Floating rate**

4.2.1 If the Issuer does not redeem the Notes in accordance with Condition 7.1 (*Redemption and Purchase – Redemption at the option of the Issuer*) on the Reset Date, the Notes will bear interest on a non-cumulative basis for each Floating Rate Interest Period at the Floating Rate of Interest (as defined below) payable, subject as provided in these Conditions, in arrears on each Floating Rate Interest Payment Date.

4.2.2 The rate of interest applicable to the Notes (the "**Floating Rate of Interest**") for each Floating Rate Interest Period will be determined by the Calculation Agent on the following basis:

(a) the Calculation Agent will determine the rate for deposits in Euro for a period equal to the relevant Floating Rate Interest Period which appears on the display page designated EURIBOR01 on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11:00 a.m. (Brussels time) on the second TARGET Settlement Day before the first day of the relevant Floating Rate Interest Period (the "**Floating Rate Interest Determination Date**"); or

(b) if such rate does not appear on that page of the Reuters service or if the Reuters service ceases to be available, the Calculation Agent will:

(i) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it in the Euro-zone interbank market at approximately 11:00

a.m. (Brussels time) on the Floating Rate Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time; and

(ii) (2) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and

(c) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11:00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in Euro to leading European banks for a period equal to the relevant Floating Rate Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Floating Rate of Interest for such Floating Rate Interest Period shall be the sum of 6.871 per cent. per annum 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 Floating Rate Interest Period, the Floating Rate of Interest applicable to the Notes during such Floating Rate Interest Period will be the sum of 6.871 per cent. per annum and the most recent rate or (as the case may be) arithmetic mean determined in relation to the Notes in respect of a preceding Floating Rate Interest Period, or, where there has been no such previous determination, the Floating Rate of Interest shall be equal to the Fixed Rate of Interest plus 1.95 per cent. per annum.

4.2.3 *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Floating Rate of Interest is to be determined in relation to each Floating Rate Interest Period, calculate the Interest Amount payable in respect of each Note for such Floating Rate Interest Period. The Interest Amount will be calculated by applying the Floating Rate of Interest for such Floating Rate Interest Period to the principal amount of such Note during such Floating Rate Interest Period and multiplying the product by the relevant Floating Rate Day Count Fraction.

4.2.4 *Publication*: The Calculation Agent will cause each Floating Rate of Interest and Interest Amount determined by it, together with the relevant Floating Rate 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 Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Floating Rate of Interest, Interest Amount and Floating Rate Interest Payment Date) in any event not later than the first day of the relevant Floating Rate Interest Period. Notice thereof shall also promptly be given to the Noteholders. 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 Floating Rate Interest Period.

4.2.5 *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 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.

4.3 **Interest accrual**

Each Note will cease to bear interest from (but excluding) maturity or the due date for redemption pursuant to Conditions 7.1 (*Redemption and Purchase – Redemption at the option of the Issuer*), 7.2 (*Redemption and Purchase – Redemption due to a Capital Disqualification Event*) or 7.3 (*Redemption and Purchase – Redemption for tax reasons*) unless, upon due presentation, payment of principal in respect of the Notes is improperly withheld or refused, in which case any such amounts of principal improperly withheld or refused will continue to bear interest in accordance with this Condition (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 Fiscal Agent 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).

5. **INTEREST SUSPENSION**

5.1 **Optional suspension of interest**

The Issuer may elect, by giving notice to the Noteholders pursuant to Condition 15 (*Notices*) below, not to pay all (or part only) of the interest accrued to an Interest Payment Date if:

5.1.1 the Issuer does not have Distributable Profits, according to its Latest Accounts; and/or

5.1.2 since the Issuer's annual shareholders' meeting convened for the approval of the non-consolidated financial statements of the Issuer for the financial year immediately preceding the year in which such Interest Payment Date falls, no dividend or other distribution has been declared, made, approved or set aside for payment in respect of any Junior Obligations,

except that where Condition 5.3 (*Interest Suspension - Mandatory payment of interest*) applies, the Issuer shall be required to pay interest notwithstanding this Condition 5.1.

The Issuer shall give not more than 25 but not less than 15 Business Days' prior notice to the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 5.1, it elects not to pay interest and such notice shall include a confirmation of the Issuer's entitlement not to pay interest, together with details of the amount of interest (if any) to be paid on such Interest Payment Date.

Where the Issuer elects not to pay interest pursuant to this Condition 5.1 it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under these Conditions or for any purpose.

Interest on the Notes will not be cumulative and interest that the Issuer elects not to pay pursuant to this Condition 5.1 will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

5.2 **Mandatory suspension of interest**

The Issuer will be prohibited from:

5.2.1 paying all (or part only) of the interest accrued up to an Interest Payment Date if and to the extent that a Capital Deficiency Event regarding the Issuer would occur if the Issuer made such payment of interest (in whole or in part) on such Interest Payment Date; or

5.2.2 paying all (but not part only) of the interest accrued to an Interest Payment Date if:

(a) a Capital Deficiency Event regarding the Issuer has occurred and is continuing on such Interest Payment Date; or

(b) the Issuer is prohibited under applicable Italian legislation or regulation from declaring a dividend or making a distribution on its Junior Obligations, other than in the case of a Capital Deficiency Event,

except that where paragraph (i) of Condition 5.3 (*Interest Suspension - Mandatory payment of interest*) applies, the Issuer shall be required to pay interest notwithstanding this Condition 5.2.

The Issuer shall use its best endeavours to give not more than 25 Business Days' but not less than two Business Days' prior notice to the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notices*) of any Interest Payment Date on which, pursuant to the provisions of this Condition 5.2, it is prohibited from paying interest and such notice shall include a confirmation of the Issuer's prohibition from paying interest, together with details of the amount of interest (if any) to be paid on such Interest Payment Date.

Where the Issuer is prohibited from paying interest pursuant to this Condition 5.2 it shall not have any obligation to make such interest payment on the relevant Interest Payment Date, and the failure to pay such interest shall not constitute a default of the Issuer or any other breach of obligations under these Conditions or for any purpose.

Interest on the Notes will not be cumulative and interest that the Issuer is prohibited from paying pursuant to this Condition 5.2 will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited.

5.3 **Mandatory payment of interest**

5.3.1 Notwithstanding the provisions of Condition 5.2 (*Interest suspension - Mandatory suspension of interest*), the Issuer is required to pay interest (including, without limitation, in the event of a Capital Deficiency Event) on any Interest Payment Date in full if and to the extent that during the 12-month period prior to such Interest Payment Date the Issuer has declared or paid dividends or other distributions on any Junior Obligations.

5.3.2 Subject to Condition 5.2 (*Interest suspension - Mandatory suspension of interest*), the Issuer is required to pay interest on any Interest Payment Date in full if and to the extent that during the 12-month period (or six-month or three-month period for securities other than shares where remuneration is paid every six months or three months, respectively) prior to such Interest Payment Date the Issuer or any of its Subsidiaries has redeemed, repurchased or acquired any Junior Obligations (other than a Permitted Repurchase).

5.3.3 *Disapplication of interest suspension in case of Capital Disqualification Event*: Notwithstanding the provisions of Condition 5.1 (*Interest suspension - Optional suspension of interest*) and 5.2 (*Interest suspension - Mandatory suspension of interest*), the Issuer is required to pay interest on an Interest Payment Date if a Capital Disqualification Event has occurred and is continuing.

6. LOSS ABSORPTION

To the extent that the Issuer at any time suffers losses (taking into account, *inter alia*, profits and losses relating to previous financial years) which would result in a Capital Deficiency Event, the obligations of the Issuer relating to the principal amount of the Notes will be suspended to the extent necessary to enable the Issuer to continue to carry on its activities in accordance with applicable regulatory requirements. In any such case, but always subject to the provisions set out in Condition 5.2 (*Interest suspension - Mandatory suspension of interest*), interest will continue to accrue on the original nominal value of the Notes. The obligations of the Issuer to make payments in respect of principal amount of the Notes will be reinstated (in priority to any Junior Obligations and on a *pari passu* basis with any Parity Obligations), as if such obligations of the Issuer had not been so suspended:

(a) in whole, in the event of voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer and with effect immediately prior to the commencement of such winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*); and

(b) in whole, in the event of early redemption of the Notes pursuant to Conditions 7.1 (*Redemption and Purchase – Redemption at the option of the Issuer*), 7.2 (*Redemption and Purchase – Redemption due to a Capital Disqualification Event*), or 7.3 (*Redemption and Purchase – Redemption for tax reasons*); and

(c) in whole or in part, from time to time, to the extent that the Capital Deficiency Event has ceased and is no longer continuing.

The Issuer shall use its best endeavours to give notice forthwith of any such suspension and/or reinstatement to the Noteholders in accordance with Condition 15 (*Notices*) below and such notice shall include a confirmation of the Issuer's entitlement to such suspension and/or reinstatement, together with details of the amounts to be so suspended and/or reinstated.

7. REDEMPTION AND PURCHASE

The Notes will mature and be redeemed by the Issuer on the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, in accordance with, as the case may be, (i) a resolution passed at a shareholders' meeting of the Issuer, (ii) any provision of the By-laws of the Issuer (which, as at 12 October 2009 provide for the duration of the Issuer to expire on 31 December 2100, but if such expiry date is extended, redemption of the Notes will be correspondingly adjusted), or (iii) any applicable legal provision, or any decision of any judicial or administrative authority. The Notes may not be redeemed at the option of the Issuer except in accordance with the provisions of this Condition 7. Any redemption in accordance with this Condition 7, save in accordance with the first sentence of this paragraph, is subject to the prior approval of the Lead Regulator. The Notes may not be redeemed at the option of the Noteholders.

7.1 Redemption at the option of the Issuer

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on the Reset Date and on any Interest Payment Date thereafter at a redemption price equal to their principal amount

together with interest accrued (if any) up to, but excluding, the date fixed for redemption and any Additional Amounts on the Issuer's giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*).

7.2 **Redemption due to a Capital Disqualification Event**

Without prejudice to the Issuer's right to modify the terms and conditions of the Notes pursuant to Condition 13.3 (*Meetings of Noteholders, Modification, Waiver and Substitution - Modification following a Capital Disqualification Event or a Tax Event*), the Notes may be redeemed at the option of the Issuer on giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) in whole, but not in part, at any time before the Reset Date following the occurrence of a Capital Disqualification Event at a redemption price equal to the greater of (i) the principal amount of the Notes and (ii) the Make Whole Amount, in each case together with interest accrued (if any) up to, but excluding, the Capital Disqualification Event Redemption Date and any Additional Amounts.

7.3 **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer on giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) in whole, but not in part, at any time before the Reset Date following the occurrence of a Tax Event as follows:

7.3.1 in the case of an Additional Amount Event, at the principal amount of the Notes; or

7.3.2 in the case of a Tax Deductibility Event, at a redemption price equal to the greater of (A) the principal amount of the Notes and (B) the Make Whole Amount,

in each case, together with interest accrued (if any) up to, but excluding, the Tax Event Redemption Date and any Additional Amounts, provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which interest starts accruing in respect of which the Issuer would be unable to deduct amounts for Italian income tax purposes or obliged to pay Additional Amounts if a payment in respect of the Notes were then due, as the case may be.

7.4 **Notification of redemption due to a Capital Disqualification Event or Tax Event**

Prior to the publication of any notice of redemption pursuant to Conditions 7.2 (*Redemption due to a Capital Disqualification Event*) and 7.3 (*Redemption for tax reasons*), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent:

7.4.1 a certificate signed by two duly authorised representatives 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

7.4.2 in the case of a Tax Event, an opinion of independent legal advisers of recognised standing to the effect that, as a result of such Tax Event, the Issuer is or will be unable to deduct interest for Italian income tax purposes or has or will become obliged to pay Additional Amounts, as the case may be.

Any notice of redemption as is referred to in this Condition 7 shall be irrevocable and shall specify the date on which the Notes will be redeemed and the relevant redemption amount. The Issuer shall be bound to redeem the Notes on the relevant date and at the relevant redemption amount specified in such notice in accordance with this Condition 7.

7.5 **No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7.1 (*Redemption at the option of the Issuer*), 7.2 (*Redemption due to a Capital Disqualification Event*) and 7.3 (*Redemption for tax reasons*) or upon maturity.

7.6 **Purchase**

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith, subject to the prior approval of the Lead Regulator (if applicable).

7.7 **Cancellation**

All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

8. **PAYMENTS**

8.1 **Principal**

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in the Euro-zone.

8.2 **Interest**

Payments of interest shall, subject to Condition 8.7 (*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 Condition 8.1 (*Principal*).

8.3 **Payments subject to fiscal laws**

All payments in respect of the 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 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

8.4 **Deduction for unmatured Fixed Rate Coupons**

If a Note is presented without all unmatured Fixed Rate Coupons relating thereto, then a sum equal to the aggregate amount of the missing Fixed Rate 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 the proportion of the aggregate amount of such missing Fixed Rate Coupons which the gross amount actually available for payment bears to the amount of principal due for payment. Each sum of principal so deducted shall be paid in the manner provided in Condition 8.1 (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Fixed Rate Coupons.

8.5 **Unmatured Floating Rate Coupons void**

On the due date for redemption of any Note upon maturity or pursuant to Conditions 7.1 (*Redemption and Purchase – Redemption at the option of the Issuer*), 7.2 (*Redemption and Purchase – Redemption due to a Capital Disqualification Event*) or 7.3 (*Redemption and Purchase – Redemption for tax reasons*) all unmatured Floating Rate Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

8.6 **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.

8.7 **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 Paying Agent outside the United States.

8.8 **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.

8.9 **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 Fiscal 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 10 (*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.

9. **TAXATION**

9.1 **Gross up**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note or Coupon presented for payment:

9.1.1 in the Republic of Italy; or

9.1.2 by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or

9.1.3 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

9.1.4 to the extent that interest or any other amount payable is paid to a non-Italian resident where such withholding or deduction is required by Decree No. 239, unless such withholding or deduction is due to the requirements or procedures set forth therein not being met or complied with as a result of the actions or omissions of the Issuer or its agents; or

9.1.5 by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying out commercial activities (in particular (A) partnerships, *de facto* partnerships not carrying out commercial activities and professional associations, (B) public and private resident entities, other than companies, not carrying out commercial activities, and (C) certain other Persons exempt from corporate income tax) or to such other Italian resident entities which have been or may be identified by Decree No. 239; or

9.1.6 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any other law implementing or complying with, or introduced in order to conform to, such Directive; or

9.1.7 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 another Paying Agent in a Member State of the European Union; or

9.1.8 more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days.

9.2 **Taxing jurisdiction**

If, in respect of payments it makes in relation to the Notes, the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to such other jurisdiction.

10. **PRESCRIPTION**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

11. **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 Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or

quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system 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.

12. PAYING AGENTS

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or calculation agent and additional or successor paying agents, provided, however, that:

(a) the Issuer shall at all times maintain a fiscal agent;

(b) the Issuer undertakes that it will ensure that it maintains a paying agent (i) outside the Republic of Italy, and (ii) in a Member State of the European Union who 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;

(c) the Issuer shall at all times maintain a calculation agent;

(d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system the rules of which require the appointment of a paying agent in any particular place, the Issuer shall maintain a paying agent having its Specified Office in the place required by the rules of such competent authority, stock exchange and/or quotation system; and

(e) there will at all times be a paying agent in a jurisdiction, other than the jurisdiction in which the Issuer is incorporated.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding

Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.2 **Modification and waiver**

The Conditions may not be amended without the prior approval of the Lead Regulator (if applicable). The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13.3 **Modification following a Capital Disqualification Event or a Tax Event**

Where a Capital Disqualification Event or a Tax Event occurs and is continuing, the Issuer may, without the consent of the Noteholders and without prejudice to its option to redeem under Conditions 7.2 (*Redemption and Purchase – Redemption due to a Capital Disqualification Event*) and 7.3 (*Redemption and Purchase – Redemption for tax reasons*), modify the terms of the Notes by giving not less than 30 but not more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*), to the extent that such modification is reasonably necessary to ensure that no Capital Disqualification Event or Tax Event (as the case may be) would exist after such modification, provided that following such modification:

13.3.1 the Notes, as so modified (the "**modified Notes**"), are held on terms and conditions which are no more prejudicial to Noteholders than the terms and conditions applicable to the Notes prior to such modification (the "**existing Notes**"), provided that any modification may be made in accordance with paragraphs 13.3.2 to 13.3.4 below and any such modification shall not constitute a breach of this paragraph 13.3.1; and

13.3.2 the person having the obligation of the Issuer under the Notes continues to be Intesa Sanpaolo S.p.A.; and

13.3.3 the modified Notes rank at least equal to the existing Notes and feature the same tenor, the same principal amount, at least the same interest rate (including applicable margins and step-up) and the same interest payment dates and first call date as the existing Notes; and

13.3.4 the modified Notes continue to be listed on a regulated market of an internationally recognised stock exchange as selected by the Issuer (provided that the existing Notes were so listed prior to the occurrence of the Capital Disqualification Event or Tax Event (as the case may be)),

and provided further that:

13.3.5 the Issuer obtains approval of the proposed modification from the Lead Regulator (if such approval is required) or gives prior written notice (if such notice is required to be given) to the Lead Regulator and, following the expiry of all relevant statutory time limits, the Lead Regulator is no longer entitled to object or impose changes to the proposed modification;

13.3.6 the modification does not give rise to a change in any published credit rating of the existing Notes in effect at such time;

13.3.7 the modification does not give rise to any right on the part of the Issuer to exercise any option to redeem the Notes prior to their stated maturity, without prejudice to the provisions under Condition 7.1 (*Redemption and Purchase - Redemption at the Option of the Issuer*); and

13.3.8 the Issuer has delivered to the Fiscal Agent a certificate, substantially in the form shown in the Agency Agreement, signed by two of the Issuer's executive officers stating that Conditions 13.3.1 to 13.3.7 above have been complied with, such certificate to be made available for inspection by Noteholders.

In connection with any modification as indicated in this Condition 13.3, the Issuer shall comply with the rules of any competent authority, stock exchange and/or quotation system by which the Notes are then admitted to listing trading and/or quotation.

13.4 **Substitution**

Any duly incorporated Subsidiary of the Issuer in good standing under the laws of its jurisdiction may, without the consent of the Noteholders, but with the prior written approval of the Issuer, assume liability as the principal debtor in respect of the Notes (the "**Substituted Debtor**"), provided that:

13.4.1 a deed poll and such other documents (if any) shall be executed by the Substituted Debtor and the other parties to the Agency Agreement as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake:

(a) in favour of each Noteholder and each Accountholder (as defined in the Deed of Covenant) to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer; and

(b) covenants to Noteholders and Accountholders, to the extent that the Substantial Debtor is subject to any taxing jurisdiction other than the Republic of Italy, to observe and perform its obligations under Condition 9 (*Taxation*) as if references in these Conditions to the Republic of Italy were to such other jurisdiction;

13.4.2 an unconditional and irrevocable deed of guarantee substantially in the form annexed to the Agency Agreement shall be executed by Intesa Sanpaolo, whereby Intesa Sanpaolo shall guarantee in favour of each Noteholder and each Accountholder the payment of all sums payable by the Substituted Debtor as such principal debtor to the extent of, and in the terms

specified in, the form of deed of guarantee, annexed to the Agency Agreement (such guarantee being herein referred to as the "**Substitution Guarantee**" and such guarantor the "**Guarantor**");

13.4.3 the Documents and the Substitution Guarantee shall contain a warranty and representation by the Substituted Debtor and the Guarantor that:

(a) each of the Substituted Debtor and the Guarantor has obtained all necessary governmental and regulatory approvals and consents for such substitution and the giving of the Substitution Guarantee;

(b) each of the Substituted Debtor and the Guarantor has obtained all necessary governmental and regulatory approvals and consents for the performance by each of the Substituted Debtor and the Guarantor of its obligations under the Documents and the Substitution Guarantee and that all such approvals and consents are in full force and effect; and

(c) the obligations assumed by each of the Substituted Debtor and the Guarantor are legal, valid and binding in accordance with their respective terms and enforceable by each Noteholder and each Accountholder (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles);

13.4.4 legal opinions shall have been delivered to the Fiscal Agent from whom copies will be available to Noteholders (and if applicable Accountholders) from lawyers of recognised standing as to matters of law of the jurisdiction of the place of incorporation of the Substituted Debtor and the Guarantor confirming that, upon the substitution taking place:

(a) in the case of the Substituted Debtor:

(i) the requirements of this Condition 13.4, save as to the giving of notice to the Noteholders, have been met;

(ii) the Notes, the Deed of Covenant and the Agency Agreement are legal, valid, binding and enforceable obligations of the Substituted Debtor (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles);

(iii) the Substituted Debtor is validly incorporated under the laws of its jurisdiction; and

(iv) the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the substitution and for the entry into and performance of the Documents; and

(b) in the case of the Guarantor:

(i) the Substitution Guarantee and the Documents are legal, valid, binding and enforceable obligations of the Guarantor; and

(ii) the Guarantor has the power to enter into and perform the obligations to be assumed by the Guarantor in the Documents and the Substitution Guarantee;

13.4.5 the relevant credit rating agencies shall have confirmed to the Issuer, the Guarantor and the Fiscal Agent that after giving effect to such substitution, the Notes shall continue to have the same credit rating as that assigned to them immediately prior to the substitution;

13.4.6 no right of redemption pursuant to Condition 7 (*Redemption and Purchase*) would become applicable on or as a result of such substitution;

13.4.7 the appropriate competent authority, stock exchange and/or quotation system shall have confirmed to the Issuer, the Guarantor and the Fiscal Agent that, after giving effect to such substitution, the Notes shall continue to be admitted to listing, trading and/or quotation on the stock exchange, securities market and/or quotation system on which it is admitted to listing, trading and/or quotation immediately prior to the substitution; and

13.4.8 a certificate of solvency of the Substituted Debtor, signed by two directors of the Substituted Debtor shall have been delivered to the Fiscal Agent.

Upon the execution of the Documents and the delivery of the legal opinions as referred to in paragraphs 13.4.1 to 13.4.4 above, (a) the Substituted Debtor shall be deemed to be named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in place of the Issuer and the Notes, the Deed of Covenant and the Agency Agreement shall thereupon be deemed to be amended to give effect to the substitution, and (b) the Issuer shall be released from all of its obligations under or in respect of the Notes, the Deed of Covenant and the Agency Agreement.

Counterparts of each of the Documents shall be deposited with and held by the Fiscal Agent for so long as any of the Notes remains outstanding and for so long as any claim made against the Substituted Debtor or the Guarantor by any Noteholder or Accountholder in relation to the Notes, the Documents or the Substitution Guarantee shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Guarantor shall acknowledge in the Documents and the Substitution Guarantee the right of every Noteholder and Accountholder to the production of the Documents for the enforcement of any of the Notes, Documents or Substitution Guarantee.

Not later than 20 days after the execution of the Documents, the Substituted Debtor together with the Issuer shall give notice thereof to the Noteholders in accordance with Condition 15 (*Notices*).

14. 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 except for the first payment of interest) so as to form a single series with the Notes.

15. NOTICES

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) and, if the Notes are at the relevant time listed or admitted to trading on the Luxembourg Stock Exchange and the rules of that exchange so require, on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, 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.

16. **CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of: (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal, or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between: (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency, and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. **ROUNDING**

For the purposes of any calculations referred to in these Conditions, 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.).

18. **GOVERNING LAW AND JURISDICTION**

18.1 **Governing law**

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law, save that Condition 3 (*Status and Subordination of the Notes*) and any non-contractual obligations arising out of or in connection with such Condition shall be governed by Italian law.

18.2 **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connected with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes).

18.3 **Appropriate forum**

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

18.4 **Rights of the Noteholders to take proceedings outside England**

Condition 18.2 (*Jurisdiction*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 18 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any courts with jurisdiction.

18.5 **Service of Process**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Issuer at 90

Queen Street, Mansion House, London EC4N 1SA, United Kingdom, or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Parts 34 and 37 of the Companies Act 2006. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Notes will initially be in the form of a Temporary Global Note which will be deposited on or around 14 October 2009 (the "**Closing Date**") with a common depositary for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable in whole or in part for interests in a Permanent Global Note not earlier than 40 days after the Closing Date 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.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of €50,000, at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Fiscal Agent if Euroclear or Clearstream, Luxembourg 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.

The Permanent Global Note will also become exchangeable, in whole but not in part only and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of the Issuer's taxing jurisdiction, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, 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 at the Specified Office of the Fiscal Agent within 30 days of the occurrence of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been delivered by 5:00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5:00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5:00 p.m. (London time) or such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the deed of covenant dated 14 October 2009 (the "**Deed of Covenant**") executed by the Issuer in relation to the Notes). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Permanent Global Note. The following is a summary of certain of those provisions:

(i) *Payments*: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note at the Specified Office 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 Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

(ii) *Notices*: Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and such Permanent Global Note is (or such Permanent Global Note and/or such Temporary Global Note are) deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

USE OF PROCEEDS

The proceeds from the issue of the Notes are expected to be approximately €1,500,000,000 gross of the Joint Lead Managers' fees and commissions and other issue and offering expenses. The proceeds of the Notes will be used by the Issuer to improve its capital ratios.

DESCRIPTION OF THE ISSUER

Merger of Sanpaolo IMI and Banca Intesa

Intesa Sanpaolo derives from the merger by incorporation of Sanpaolo IMI with and into Banca Intesa S.p.A. pursuant the deed of merger of 28 December 2006 of the Italian notary public Ettore Morone. The merger came into legal and accounting effect as of 1 January 2007. In the merger, the surviving entity was Banca Intesa, which changed its name from Banca Intesa S.p.A. to Intesa Sanpaolo S.p.A.

Group History

Banca Intesa S.p.A.

The entity now known as Intesa Sanpaolo S.p.A. was originally established in 1925 under the name of La Centrale with interests in the field of production and distribution of electricity. After the nationalisation of the enterprises in that sector in the early 1960s, the company changed its name to La Centrale Finanziaria Generale, acquiring equity investments in various sectors and particularly in the banking, insurance and publishing sectors. In 1985, La Centrale incorporated the holding company Nuovo Banco Ambrosiano, adopting its name and corporate objects. Nuovo Banco Ambrosiano was formed in 1982 by a group of seven banks in order to take over the Banco Ambrosiano bank, which had been put in mandatory liquidation.

The former Banca Intesa Group was formed in January 1998 following the acquisition by Banca Intesa S.p.A. (formerly known as Banco Ambrosiano Veneto S.p.A.) of the entire issued share capital of Cassa di Risparmio delle Provincie Lombarde S.p.A. ("**Cariplo**"). During 1999 Banca Popolare Friuladria and Cassa di Risparmio di Parma e Piacenza also joined the Intesa Group.

In December 1999 Banca Intesa finalised the exchange offer pursuant to which it acquired 70 per cent. of the outstanding ordinary shares and savings shares of Banca Commerciale Italiana S.p.A. ("**BCI**") in exchange for the issue of new ordinary shares of Banca Intesa. In October 2000 the Board of Directors of both Banca Intesa and BCI approved the merger by incorporation of BCI into Banca Intesa, which was completed on 1 May 2001. Following this merger, Banca Intesa adopted a new corporate name, "*Banca Intesa Banca Commerciale Italiana S.p.A.*" or, in short, "*IntesaBci S.p.A.*" or "*Banca Intesa Comit S.p.A.*".

On 1 January 2003 the corporate name reverted to "*Banca Intesa S.p.A.*" or, in short, "*Intesa S.p.A.*" and consequently the Group name became known once again as "*Gruppo Banca Intesa*" or, in short form, "*Gruppo Intesa*".

Sanpaolo IMI S.p.A.

Sanpaolo was formed through the merger of IMI – Istituto Mobiliare Italiano into Istituto Bancario San Paolo di Torino, effective as of 1 November 1998.

Istituto San Paolo di Torino originates from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia" developed from "Monte di Pietà" to a real bank during the nineteenth century, progressively developing credit activities. In 1932, the Bank achieved the status of public law credit institute. Between 1960 and 1990, the Bank expanded its network nationwide through a number of acquisitions of local banks and medium-sized regional banks. In 1977, the Bank took control of Banco Lariano di Como and in 1984 it acquired Banca Provinciale Lombarda, well-rooted in the Bergamo province.

In 1991, the Bank acquired Crediop from Cassa Depositi e Prestiti and reached the level of a multifunctional group of national importance.

In 1992, following the transformation into a company limited by shares, according to the rules and facilitations provided for by Italian Law No. 218 of 1990 (the so-called Amato Law), approximately 20 per cent. of the share capital was listed on the Italian stock market and placed on the main foreign stock markets through public offers.

In 1993, certain reorganisations took place leading to the incorporation of Banco Lariano and of Banca Provinciale Lombarda. In February 1995, Banca Nazionale delle Comunicazioni was acquired. The privatisation process of the bank was completed in 1997 through the public offer for sale of 31 per cent. of the share capital and the private placement of a 22 per cent. stake aimed at constituting a stable group of shareholders.

At the time of the merger with IMI – Istituto Mobiliare Italiano, San Paolo presented itself as a commercial bank of primary national standing, with diversified products and a widespread and effective distribution network.

IMI was founded in 1931 as a public law body, with the purpose of promoting the process of restructuring and recapitalising Italian industry through the grant of medium/long-term loans and the acquisition of equity investments. During the eighties, the IMI group implemented a broad reorganisation of its operating structure and of its company activities by developing the business area represented by specialist credit services as well as new operations in the investment banking sector and, with Banca Fideuram, in the professional asset management and financial consultancy sectors.

The multifunctional group originated by the merger of Sanpaolo with IMI was organised according to business areas: commercial banking, large corporate, investment banking, personal financial services, merchant banking, funding of public investments and infrastructures.

During 2000, Sanpaolo IMI acquired Banco di Napoli, a longstanding bank with a strong territorial presence, which integrated the Group's distribution network with its widespread presence in Central-Southern Italy. Banco di Napoli was incorporated in 2002, followed by the spin-off by the Group of the operating units in Campania, Puglia, Calabria and Basilicata into a new company which took the name of Sanpaolo Banco di Napoli, the only group bank operating in those areas from that date.

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.

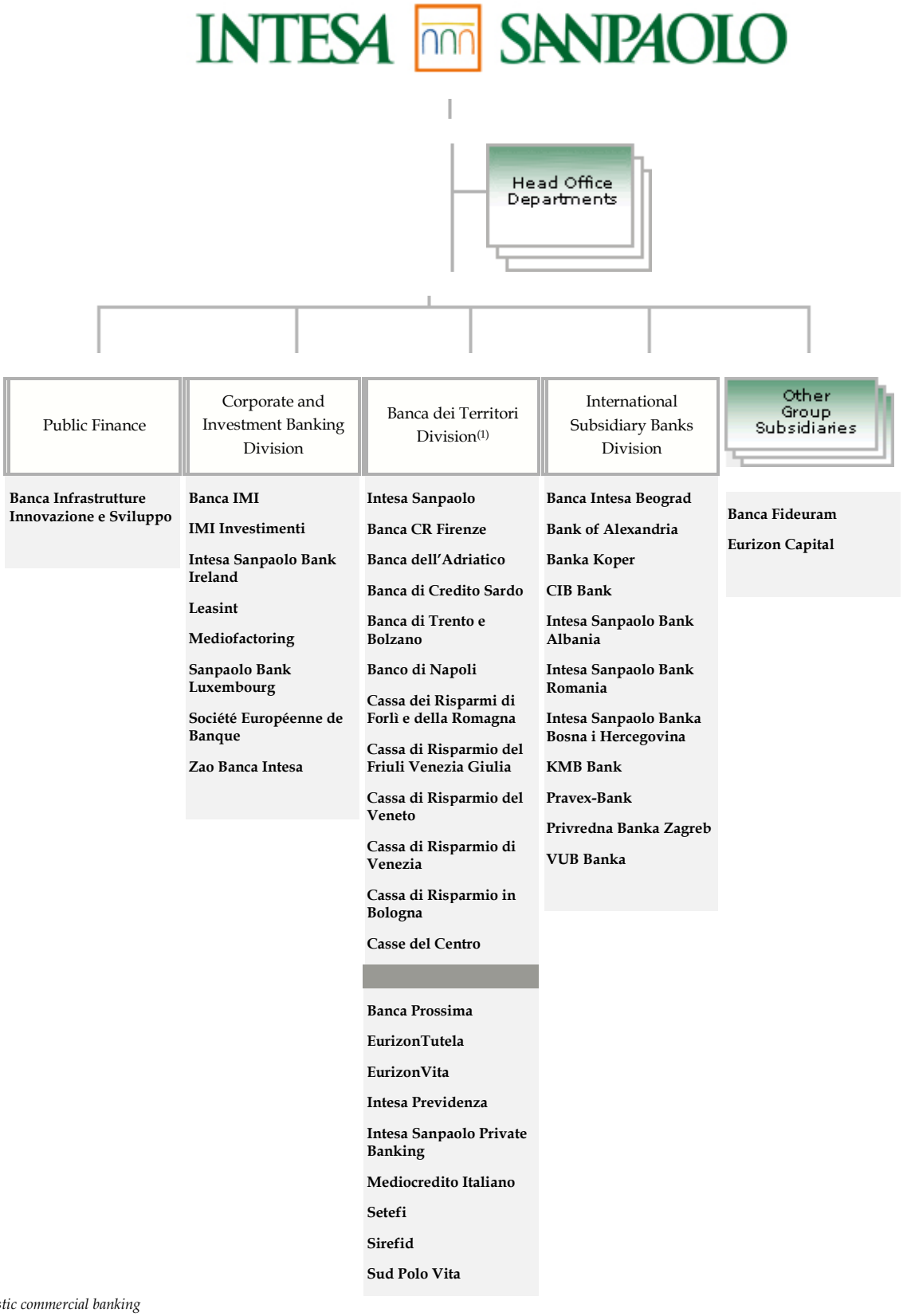
Objects

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

At 30 June 2009, Intesa Sanpaolo's issued and paid-up share capital amounted to €6,646,547,922.56, divided into 12,781,822,928 shares with a nominal value of €0.52 each, in turn comprising 11,849,332,367 ordinary shares and 932,490,561 non-convertible savings shares.

Organisational Structure



(1) Domestic commercial banking

The activity of the Intesa Sanpaolo Group is organised by business units:

- The **Banca dei Territori Division** – which includes Italian subsidiary banks – operates with 5,971 branches serving 11.1 million customers and is based on a business model oriented to maintain and enhance regional brands, strengthen local commercial coverage and relations with individuals, small businesses and SMEs. Banca Prossima was established to serve non-profit entities and operates through the Group's branches, with local offices and dedicated professionals.

  The activities of this Division include private banking, industrial credit (operated by Mediocredito Italiano) and bancassurance (operated by EurizonVita, Intesa Vita – a joint venture with the Generali group – and Sud Polo Vita in the life insurance sector and EurizonTutela in the casualty sector, with products mainly addressed to the safeguard of person and assets).

- The **Corporate & Investment Banking Division** has the mission of supporting the steady and sustainable growth of businesses and financial institutions with a medium/long term view, on a national and international basis, acting as a "global partner" with an in-depth understanding of company strategies and a complete service range. The Division includes M&A activities, structured finance and capital markets (performed through Banca IMI) and also merchant banking and global custody. It is present in 34 countries supporting the cross-border activity of its customers through a specialised network which comprises foreign branches, representative offices and subsidiaries performing corporate banking activity.

- The **International Subsidiary Banks Division**, which is responsible for activities outside Italy, operates through subsidiary and partly-owned commercial banks and provides guidelines, coordination and support to subsidiaries abroad active in retail and commercial banking. It operates with 1,895 branches serving approximately 8.5 million customers and has total assets of approximately 44.0 billion euro in the following 13 countries in Central-Eastern Europe and the Mediterranean region: Albania (Intesa Sanpaolo Bank Albania), Bosnia-Herzegovina (Intesa Sanpaolo Banka Bosna i Hercegovina), Croatia (Privredna Banka Zagreb), Egypt (Bank of Alexandria), the Russian Federation (KMB Bank), Greece (with the Athens and Thessaloniki branches of Intesa Sanpaolo Bank Albania), the Czech Republic (with the Prague branch of VUB Banka), Romania (with Intesa Sanpaolo Bank Romania), Serbia (Banca Intesa Beograd), Slovakia (VUB Banka), Slovenia (Banka Koper), Hungary (CIB Bank) and Ukraine (Pravex-Bank).

- The **Public Finance Business Unit** is responsible for customers in government, public entities, local authorities, public utilities, general contractors, public and private healthcare structures, developing activities related to lending and day-to-day banking operations, project financing, securitisations, financial advisory, with the aim of favouring cooperation between public and private entities and supporting initiatives and investment projects in large infrastructures, healthcare, research and public utilities in general. The business unit is composed of Banca Infrastrutture Innovazione e Sviluppo.

- **Eurizon Capital** is the Group's asset management company.

- **Banca Fideuram** is the Group company specialised in asset gathering, performed by the networks of financial advisors and 97 branches serving customers with medium to high savings potential.

The integration process of the Intesa Sanpaolo Group

The integration process progressed during the whole of 2007 and 2008. The Group's target ICT system, which was identified in the first quarter of 2007, permits the construction of a common platform of models,

processes, products and systems as scheduled in the merger programme, with the migration of Group Banks to the target system pursuant to the following objectives:

- implementing the migration of banks to the target platform, leading to the unification of the commercial offer and the standardisation of models and operating processes; the changeover has been planned gradually, testing solutions and results via the migration of certain pilot units and subsequently groups of branches;

- training the resources of the Head Office departments and of the network to use the new ICT system and the target operating processes;

- managing the post conversion period, via initiatives to support/assist operating resources and, where necessary, customers.

The project entails the migration process of former Intesa branches to the Target system. Having completed this migration phase in summer 2008, a territorial reorder is underway, that is the revision of territorial coverage which also includes the sale of Intesa Sanpaolo branches to the Banca dei Territori Division.

The criteria which guided the selection of the IT System and the operating system were first and foremost the safeguard of the needs of the business (in terms of selection of the most effective and flexible IT applications and continuation of all the specific functionalities in support of front office activities), the minimisation of migration times and risks, as well as the maximisation of cost synergies.

Acquisition of Carifirenze

In 2008 activities continued for the rationalisation of Intesa Sanpaolo Group structure. At the end of January, Intesa Sanpaolo acquired control of Cassa di Risparmio di Firenze S.p.A. ("**Carifirenze**") from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio della Spezia and So.Fi.Ba.R. – Società Finanziaria di Banche Romagnole, by means of a share swap of own ordinary shares. As a result of the stake already held, the share swap, the subsequent Mandatory Public Offer and the exercise of the squeeze-out right on the residual shares, Intesa Sanpaolo now holds an 89.71 per cent. stake in Carifirenze's share capital and Ente Cassa di Risparmio di Firenze holds the residual stake.

The acquisition of Carifirenze significantly strengthens Intesa Sanpaolo's competitive position in the five regions of Central-Northern Italy, where Carifirenze has an extensive presence, and specifically in Tuscany.

Rationalisation of Intesa Sanpaolo Group structure

Various intra-group mergers became effective as of 1 January 2008 and involved both Italian and international subsidiaries. In Italy, the integration between Banca Intesa Infrastrutture e Sviluppo S.p.A. which took on the new corporate name of Banca Infrastrutture Innovazione e Sviluppo S.p.A. ("**BIIS**") – and Banca per la Finanza alle Opere Pubbliche e alle Infrastrutture ("**Banca OPI**") came into effect. The operation was realised through the total spin-off of Banca OPI. All assets, liabilities and legal relationships previously referred to Banca OPI were assigned completely and totally unchanged to BIIS, with the exception of the equity investments held by Banca OPI in Fin.OPI (now Equiter) and in SINLOC, which were transferred, respectively, to Intesa Sanpaolo and Fin.OPI.

Leasint – the company formed from the merger by incorporation of Sanpaolo Leasint into Intesa Leasing – has also been operational from the beginning of the year and it is a leading player in Italy. The disposal of 198 branches, to comply with decisions issued by the Italian Competition Authority relative to the Banca Intesa and Sanpaolo IMI merger, was finalised in the first quarter of 2008.

In May 2008, the acquisition on the part of Intesa Sanpaolo of the depositary bank services of MPS Finance (renamed Intesa Sanpaolo Servizi Trasazionali) was finalised in accordance with the commitments made by the parties in the agreement signed on 31 March 2008. Again in May 2008, Intesa Sanpaolo S.p.A. and Crédit Agricole S.A. have finalised the sale to Crédit Agricole of Intesa Sanpaolo's 49 per cent total interest in AGOS S.p.A., their joint venture in the consumer credit business in Italy.

Lastly, the integration into Eurizon Capital of Eurizon Investimenti (former CAAM Sgr), whose control was acquired at the end of 2007 following the purchase of the activities attributable to the 65 per cent. stake of Nextra Investment Management, was finalised in April 2008. The new Eurizon Capital controls Eurizon Capital SA – with registered office in Luxembourg and branches in Chile and Singapore – Eurizon Alternative Investments Sgr and Eurizon A.I. Sgr, both asset management companies of funds of hedge funds, and Epsilon Sgr, which specialises in quantitative asset management. Eurizon Capital is the leading Italian asset management company with over 145 billion euro of net managed assets.

As far as the Intesa Sanpaolo Group's presence abroad is concerned, in Albania, Intesa Sanpaolo Bank Albania (rebranding of American Bank of Albania) absorbed Banca Italo Albanese; in Serbia, Banca Intesa Beograd merged with Panonska Banka and in Hungary CIB Bank absorbed Inter-Europa Bank. In parallel the rebranding of International Banks is underway. On 27 June 2008, Intesa Sanpaolo and the controlling shareholders of JSC Pravex-Bank ("**Pravex**") finalised Intesa Sanpaolo's acquisition of 100 per cent. of the share capital of Pravex, in conformity with the agreement executed on 4 February 2008.

Management

Supervisory Board

The composition of Intesa Sanpaolo's Supervisory Board is as set out below:

Name	***Position***	***Principal activities performed outside Intesa Sanpaolo***
Giovanni Bazoli	Chairman	Chairman of Mittel S.p.A. Member of the Supervisory Board of UBI Banca S.p.A. Deputy Chairman of La Scuola S.p.A.
Antoine Bernheim	Deputy Chairman	Chairman of Assicurazioni Generali S.p.A. Chairman of Fondazione Assicurazioni Generali Deputy Chairman and Director of Bolloré Investissement S.A. Deputy Chairman and Director of LVMH Moet Hennessy Louis Vuitton Member of the Supervisory Board of Eurazeo S.A. Director of Mediobanca S.p.A. Director of Banco Santander Central Hispano S.A. Director of AMB Generali Holding AG Director of BSI – Banca della Svizzera Italiana Director of Ciments Français S.A. Director of Christian Dior S.A. Director of Christian Dior Couture S.A. Director of Generali España Holding de Entidades de Seguros S.A. Director of Generali France S.A. Director of Graafschap Holland AG Director of Generali Holding Vienna AG Director of Havas S.A.
Rodolfo Zich	Deputy Chairman	Director of Innogest S.G.R. S.p.A.
Carlo Barel di Sant Albano	Director	C.E.O. & Director of Exor S.p.A. Director of Fiat S.p.A. Director of Juventus F.C. S.p.A.

		Director of Sequana Capital S.A. Director of Cushman & Wakefield Inc. (New York)
Rosalba Casiraghi	Director	Chairman of the Board of Statutory Advisors of Banca CR Firenze S.p.A. Chairman of the Board of Statutory Advisors of Nuovo Trasporto Viaggiatori S.p.A. Chairman of the Board of Statutory Advisors of Non Performing Loans S.p.A. Member of the Board of Statutory Auditors of Industrie de Nora S.p.A. Director of Luisa Spagnoli S.p.A. Director of Biancamano S.p.A. Director of Altopartners SGR S.p.A. Director of Spa.Im S.r.l. Director of Spa.Pi S.r.l. Director of Spa.Ma. S.r.l. Director of NH Hoteles S.A. Managing Director of Co.Ge Pro S.p.A. Sole Director of Ge.Con. General Consulting S.r.l. Sole Director of Rating S.r.l.
Marco Ciabattoni	Director	Chairman of the Board of Statutory Auditors of IMMIT Nuova Immobili Italiani Srl Member of the Board of Statutory Auditors of Fisc Italiana S.r.l.
Giovanni Costa	Director	Director of Edizione S.r.l. Director of Veneto Nanotech S.C.p.A.
Franco Dalla Sega	Director	Chairman of the Board of Statutory Auditors of Intesa Previdenza SIM S.p.A. Chairman of the Board of Statutory Auditors of Mittel Investimenti Immobiliari S.r.l. Chairman of the Board of Statutory Auditors of Mittel Private Equity S.p.A. Chairman of the Board of Statutory Auditors of Hopa S.p.A. Member of the Board of Statutory Auditors of Mittel S.p.A. Member of the Board of Statutory Auditors of ITL S.r.l. Member of the Board of Statutory Auditors of Progressio SGR S.p.A. Chairman of the Board of Statutory Auditors of Torino Zerocinque Trading S.p.A. Director of Avvenire Nuova Editoriale Italiana S.p.A.
Gianluca Ferrero	Director	Board Chairman of Finlega S.p.A. Director and Member of the Executive Committee of Banca del Piemonte S.p.A. Director of SEI Società Editrice Internazionale S.p.A. Chairman of the Board of Statutory Auditors of Luigi Lavazza S.p.A. Member of the Board of Statutory Auditors of Alberto Lavazza e C. S.a.p.a. Member of the Board of Statutory Auditors of Pictet Fiduciaria S.r.l. (in liquidazione) Member of the Board of Statutory Auditors of Centro Congressi Unione Industriali S.p.A. Member of the Board of Statutory Auditors of Emilio Lavazza S.a.p.a. Chairman of the Board of Statutory Auditors of G.F.T. net S.p.a. (in liquidazione) Executive Partner of Giovanni Agnelli e C. S.A.p.A. Member of the Board of Statutory Auditors of Fenera Holding S.p.A. Member of the Board of Statutory Auditors of Fenera Real Estate S.p.A. Liquidator of Tecnodelta S.p.A. (in liquidazione) Sole Director of Fibe S.r.l. Chairman of the Board of Statutory Auditors of TO-DIS S.r.l.
Angelo Ferro	Director	Chairman of Pavan Tecnologie S.p.A. Director of RCS Quotidiani S.p.A. Director of Editoriale Veneto S.r.l. Chairman of Pavan S.r.l.

		Director of Tiflosystem S.p.A. Director of Tecnoalimenti S.c.p.A.
Pietro Garibaldi	Director	Professor at Turin University
Giulio Stefano Lubatti	Director	Chairman of the Board of Statutory Auditors of Banco di Napoli S.p.A.
Giuseppe Mazzarello	Director	===
Eugenio Pavarani	Director	Chairman of the Board of Statutory Auditors of Intesa Mediofactoring S.p.A. Member of the Board of Statutory Auditors of Roche Diagnostic S.p.A. Member of the Board of Statutory Auditors of Roche Pharma S.p.A.
Gianluca Ponzellini	Director	Chairman of Metodo S.r.l. Chairman of the Board of Statutory Auditors of Banca IMI S.p.A. Chairman of the Board of Statutory Auditors of De' Longhi Capital Services S.p.A. Chairman of the Board of Statutory Auditors of De' Longhi S.p.A. Chairman of the Board of Statutory Auditors of De' Longhi Appliances S.r.l. Chairman of the Board of Statutory Auditors of Finmar S.p.A. Chairman of the Board of Statutory Auditors of Spa.Pi S.r.l. Chairman of the Board of Statutory Auditors of 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 Luisa Spagnoli S.p.A. Chairman of the Board of Statutory Auditors of Diperdì S.p.A. Member of the Board of Statutory Auditors of GS S.p.A. Member of the Board of Statutory Auditors of Caretti & Associati S.p.A. Member of the Board of Statutory Auditors of Casa Editrice Universo S.p.A. Member of the Board of Statutory Auditors of Telecom Italia S.p.a. Director of Schemaventotto S.p.A. Director of Senatus S.r.l.
Gianguido Sacchi Morsiani	Director	===
Ferdinando Targetti	Director	Professor at Trento University Chairman of the College of the Auditors of Account of Consorzio Patti Chiari
Livio Torio	Director	Chairman of the Board of Statutory Auditors of Mediocredito Italiano S.p.A. Chairman of the Board of Statutory Auditors of Setefi S.p.A. Member of the Board of the Statutory Auditors of Banca di Credito Sardo S.p.A. Member of the Board of Statutory of the Auditors of Alintec S.c.a.r.l.
Riccardo Varaldo	Director	Director of Finmeccanica S.p.A. Director of Piaggio & C. S.p.A.

The business address of each member of the Supervisory Board is Intesa Sanpaolo S.p.A., Piazza San Carlo 156, 10121 Turin.

Management Board

The composition of the Intesa Sanpaolo's Management Board is as set out below:

Name	***Position***	***Principal activities performed outside Intesa Sanpaolo***
Enrico Salza	Chairman	Chairman of Italconsult S.r.l. Chairman of Tecno Holding S.p.A. Director of RCS MediaGroup S.p.A.
Orazio Rossi	Deputy Chairman	Chairman of Cassa di Risparmio del Veneto S.p.A. Director of Mediocredito Italiano S.p.A.

Corrado Passera	Managing Director and Chief Executive Officer	===
Aureliano Benedetti	Board Member	Chairman of Banca CR Firenze S.p.A. Chairman of Centrovita Assicurazioni S.p.A. Chairman of Intesa Sanpaolo Group Services S.c.p.a. Vice Chairman of Agriventure S.p.A. Director of Banca IMI S.p.A.
Elio Catania	Board Member	Chairman and Managing Director of Azienda Trasporti Milanesi S.p.A. Director of Telecom Italia S.p.A.
Giuseppe Fontana	Board Member	Vice Chairman of Fontana Finanziaria S.p.A. Vice Chairman of Villa d'Este S.p.A. Managing Director of Fontana Luigi S.p.A. Director of Banca Popolare di Sondrio S.c.p.A.
Gian Luigi Garrino	Board Member	Chairman of Equiter S.p.A. Chairman of Fondaco SGR S.p.A. Vice Chairman of Risk Management S.p.A.
Virgilio Marrone	Board Member	Director of Fiat S.p.A. Director of Old Town S.A. – Luxembourg
Emilio Ottolenghi	Board Member	Chairman of Banca IMI S.p.A. Chairman of Vis S.p.A. Chairman of La Petrolifera Italo Rumena S.p.A. Chairman of Pir Finanziaria S.p.A. Director of Sapir S.p.A. Chairman of the Supervisory Board of La Petrolifera Italo Albanese Sh.A.
Giovanni Perissinotto	Board Member	Chairman of Banca Generali S.p.A. Managing Director of Assicurazioni Generali S.p.A. Vice Chairman of BSI S.A. Director of INA Assitalia S.p.A. Director of Pirelli & C. S.p.A
Marcello Sala	Board Member	Director of Banca IMI S.p.A. Director of Banca ITB S.p.A. Director of Bank of Alexandria S.A.E. Director of Sanpaolo IMI Fondi Chiusi SGR S.p.A.

The business address of each member of the Management 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 of 30 June 2009, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 2 per cent.).

Shareholder	*Ordinary shares*	*% of ordinary shares*
Compagnia di San Paolo	1,171,622,725	9.888%
Crédit Agricole S.A.	708,822,880	5.982%
Assicurazioni Generali	601,586,930	5.077%
Fondazione C.R. Padova e Rovigo	583,404,899	4.924%
Fondazione Cariplo	554,578,319	4.680%
Ente C.R. Firenze	400,287,395	3.378%
Fondazione C.R. in Bologna (*)	323,955,012	2.734%
Carlo Tassara S.p.A.	296,764,457	2.504%
Barclays Global Investors UK Holdings Ltd (**)	239,017,266	2.017%

(*) Of which 50,000,000 shares being securities lent to Mediobanca with voting rights held by the lender
(**) Fund Management

Subprime Mortgages

There is no unequivocal definition of subprime mortgages. In general, this expression indicates mortgaged lending which is riskier since it is granted to borrowers that have previously defaulted or because the debt-to-income or loan-to-value ratio is high.

As at 30 June 2009, the Intesa Sanpaolo Group:

- did not have mortgages definable as subprime in its portfolio, since the Group's policy does not envisage granting of this kind;
- did not issue guarantees connected to the aforementioned products.

That said, for US subprime exposure, Intesa Sanpaolo intends the products - cash investments (securities and funded CDOs) and derivative positions (unfunded CDOs) - with collateral mainly made up of US residential mortgages other than in the "prime" sector (i.e. Home Equity Loans, residential mortgages with B&C ratings and similar) granted in the years 2005/06/07, irrespective of the FICO score and the Loan-to-Value (LTV) as well as those with collateral made up of US residential mortgages granted before 2005, with FICO score under 629 and Loan-to-Value exceeding 90% (the weight of this second class of products in the Intesa Sanpaolo Group's portfolio as at 30 June 2009 was again not significant, as had occurred as at 31 December 2008).

During the first half of the year, the total exposure in US subprimes decreased, following the change in the composition of the collateral of an unfunded CDOs, which entailed the reduction of the portion of subprime mortgages included therein.

In terms of risk exposure, a "long" position of 18 million euro (29 million euro as at 31 December 2008) which also included securities reclassified under the loan portfolio for 9 million euro (12 million euro in terms of nominal value) existed as at 30 June 2009.

Legal risks

Legal risks are analysed by Intesa Sanpaolo Group and by group companies. Provisions are made to the Allowance for risks and charges, in the presence of legal obligations for which it is probable that funds will be disbursed to meet such obligations and where it is possible to make a reliable estimate of the disbursement.

The most complex legal procedures are described in the paragraphs below.

Litigation

Litigation regarding compound interest

After March 1999, the Italian Supreme Court (*Corte di Cassazione*) changed its previous opinion and declared the quarterly capitalisation of interim interest payable on current accounts to be illegitimate, assuming that the relevant clauses in bank contracts do not integrate the contract with a "regulatory" standard practice, but rather with a "commercial" practice, and therefore, such clauses are not adequate to derogate from the prohibition of anatocism pursuant to article 1283 of the Italian civil code.

The subsequent Legislative Decree 342 of 4 August 1999 confirmed the legitimacy of capitalisation of interest on current accounts, as long as interest is calculated with the same frequency on deposits and loans. From April 2000 (date in 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.

With the decision of the united sections (*sezioni unite*) on 4 November 2004, the Italian Supreme Court (*Corte di Cassazione*) again excluded the possibility that said use may be considered regulatory. Even though court decisions have generally complied with the ruling by the united sections, the possibility of defending in court the Bank's past conduct still exists since many judges in the re-liquidation of the accounts apply the technical and accounting criteria proposed by banks which often decrease, even significantly, the restitutions request of account holders.

The overall number of pending cases is at an insignificant level in absolute terms, and is the subject of constant monitoring. The risks related to these disputes are covered by prudential allocations to the provisions for other risks and charges.

Litigation regarding bonds in default

Group policy on management of complaints on financial instruments sold, sets out a case-by-case assessment, with particular attention paid to the suitability of the instruments with respect to the position of the single investor.

More specifically, for Parmalat bonds, Intesa Sanpaolo has decided, in agreement with all the representative Consumer Associations at national level, to extend the free conciliation procedure – successfully applied for former Gruppo Intesa customers - to customers of the former Sanpaolo IMI Group who had bought Parmalat securities.

The extended procedure has covered all of the approximated 27,000 customers of the former Sanpaolo IMI Group who had purchased Parmalat bonds subsequently converted into shares and warrants of the new Parmalat. Approximately 16,600 of these customers agreed to participate in this procedure and the examination of claims started in November 2008 and is expected to be concluded by the end of 2009.

The assessments are based on the principle of fairness and are conducted by five joint committees organised on a regional basis.

The repayment proposals made to date as part of the conciliation have been in line with the related specific provisions made.

The customers of the former Sanpaolo IMI Group may also continue to use the support offered, for the exercise of reimbursement actions against the parties responsible for the default, by the Parmalat bond Clienti Sanpaolo IMI Committee. During 2008 two significant settlements were reached between the Committee and several counterparties as part of the actions for compensation brought by the Committee on behalf of the parties being represented by it. Through the first agreement, which has been almost completely fulfilled, the entitled parties were able to obtain an overall recovery of around 13 million euro. Through the second agreement a recovery of around 36 million euro has been obtained for nearly all the interested parties. The amount recovered presently is in the phase of distribution among the entitled parties. In 2009 a third agreement was signed with other counterparties under which a recovery of about further 36 million euro will be carried out. In connection with such agreement, the acceptances by the interested parties are in the process of being gathered.

For Argentina bonds, complaints are managed by the ordinary procedure in place for any other financial product, according to a case-by-case assessment of the individual positions. Like all other legal risk measurement procedures provisions are made on each occasion that are deemed to be consistent with the specific circumstances of each case.

The same criteria are applied to the assessments of claims relating to bond issued by companies belonging to the Lehman Brothers Group whose default was declared on 15 September 2008.

Cirio group default

In November 2002, the Cirio Group, one of the largest Italian groups operating in the agro-industrial sector, was declared insolvent in the repayment of a loan issued on the Euromarket. This event led to a cross default on all its existing issues. The bonds issued by the Cirio Group had a nominal value totalling approximately 1.25 billion euro. Both the former Gruppo Intesa and the former Sanpaolo IMI Group – like the other major banking groups – had granted loans to the Cirio Group.

In April 2007, 10 companies of the Cirio group in Extraordinary Administration notified Intesa Sanpaolo and Banca Caboto, as well as five other banks, considered to be severally liable, of the filing of a claim for the reimbursement of alleged damages deriving from:

- the worsening of the default of the Cirio Group, from the end of 1999 to 2003, favoured also by the issue in the 2000/2002 period of six bonds; the damages thereof are quantified – adopting three different criteria with the main criteria in 2,082 million euro and, with the control criteria, in 1,055 million euro or 421 million euro;

- the impossibility by the Extraordinary Administration procedures of undertaking bankruptcy repeal, for undetermined amounts, because the default of Cirio Group companies was postponed in time;

- the payment of fees of 9.8 million euro for the placement of the various bond issues.

The Intesa Sanpaolo Group believes that such claims are totally unfounded and is confident that it will be capable of contrasting such claims both as concerns the merit of the case and on the basis of the lack of capacity to act in court proceeding for Extraordinary Administration bodies.

Equitalia Polis S.p.A. (formerly Gest Line S.p.A.)

With three separate transactions in September 2006, December 2007 and April 2008, the Bank, as part of the State's internalisation of tax-collection activities, sold to Equitalia (a company owned by *Agenzia delle Entrate* and *INPS*, respectively the Italian Revenue Agency and the National Institute for Social Security) 100 per cent. of the equity investment in Gest Line, now Equitalia Polis, which performed tax-collection activities in the former Sanpaolo IMI Group.

Gest Line's alleged irregularities in performing tax-collection activities in the period from the late 1980s and the early 1990s led to drawn-out litigation with tax-collection authorities mostly referred to the concession in Bologna. At the time of disposal of the aforesaid equity investment, the Bank released specific guarantees, in addition to those provided for by the law for the State's internalisation of tax-collection activities, which also cover liabilities deriving from the aforesaid litigation.

Gest Line adhered to the amnesty for administrative irregularities introduced by Law 311/04. Moreover, as part of the pending litigation, doubts were raised by certain Tax-Collection Offices and Administrative Judges concerning the extension of the provisions of the aforesaid amnesty. The conversion of Law Decree 248/2007 provides a clarification on the interpretation of the amnesty which may positively affect the litigation, favouring its possible extinction. However, notwithstanding conversion of the decree, some doubts remain on the interpretation of the extension of the amnesty.

In any case, before the final declaration that the matter of the litigation ceases to exist, which is under the jurisdiction of the Italian Court of Auditors, the litigation is covered by congruous provisions.

Banca Infrastrutture Innovazione e Sviluppo and Municipality of Taranto Dispute

BIIS, as the successor to Banca OPI, is involved in a case which has been brought, before the Court of Taranto, by the Municipality of Taranto in relation to the subscription in May 2004 by Banca OPI for a 250,000,000 euro bond issued by this Municipality.

In its judgement of 27 April 2009, the Court declared the invalidity of the operation, ordering the Bank 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 in favour of the Municipality, to be calculated by separate proceedings. Both parties appealed against the judgement. Moreover, the Bank requested the stay of enforcement of the judgement and brought a case for negative clearance.

Other judicial and administrative proceedings

Please note that a criminal investigation is underway in the United States instigated by the District Prosecutor of New York 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.

The investigation involves the treatment of payment orders in dollars generally issued in the SWIFT interbank payments settled through US banks, and the alleged omission or alteration of the information relating to the originators and beneficiaries of these payments.

The Bank is cooperating in full with this investigation.

A parallel administrative proceeding is also underway, 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 violations of the local anti-money laundering and embargo regulations.

Based on the information available, it is not currently possible to make any forecasts concerning the timescale for the completion or the outcome of these proceedings.

Tax litigation

The risks associated with tax litigation are covered by specific provisions for risks and charges. With regard to Intesa Sanpaolo, in 2008, a reimbursement of tax credits of around 307 million euro was received, with the consequent release of the corresponding precautionary provisions of around 31 million euro.

New disputes also arose for around 46 million euro, relating to issues of law involving the charge of the alleged failure to pay:

- stamp duty in relation to compulsory accounting figures, for a total of around 15 million euro, as tax, penalty and interest relating to the years 2005 and 2006;

- IRES and IRAP of around 31 million euro as tax, penalty and interest relating to the years 2003-2006, mainly referring to the significance of the repurchase agreements for the purposes of the calculation of the deduction of the write-down of receivables, together with other less significant items.

It is believed that both charges can be effectively opposed in judicial proceedings.

The outstanding tax litigation as at 31 December 2008 involving the other, Italian and international, companies of the Group included within the scope of consolidation, amounted to a total of 117 million euro, respectively attributable to 94 million euro for actions brought by the Financial Authorities – for capital, penalties and interest – and to 23 million euro for tax credits recorded in the financial statements.

The disputes involve 41 million euro relating to direct taxes, around 9 million euro for withholding tax, 30 million euro for VAT, and around 13 million euro for other taxation. With regard to the most significant disputes that arose in 2008, which generally involve issues of interpretation, the following should be noted in particular:

- Centro Leasing Banca, for a total of 17 million euro solely relating to 2003, due to a disputable reclassification of sale & lease back transactions as ordinary loans guaranteed by real estate, on the basis of the case-law principle of abuse of rights;

- Eurizon Vita, for a total of 15 million euro due to the recovery of VAT for the years 2003 and 2004 relating to the tax treatment applied to the provision of services associated with co-insurance;

- Banca Fideuram, for a total of around 12 million euro relating to direct taxes for the year 2003, due to the de-recognition of the accrual principle relating to charges associated with the incentive scheme for financial planners.

Labour litigation

During 2008 the INPS of Turin confirmed a payment demand relating to the failure by Sanpaolo IMI to pay contributions to finance the involuntary unemployment for the period 1 November 2002 – 31 December 2006. This risk has been covered by a provision considered to be sufficient based on the probable outcome of the dispute.

Recent Events

Intesa Sanpaolo: Capital Management Actions

On 11 September 2009, Intesa Sanpaolo published a press release, the full text of which is set out below:

"With reference to news recently circulated by the press about possible disposals of certain Group assets - upon request by Consob - Intesa Sanpaolo confirms that, as already communicated on many occasions, a further bolstering of its capital ratios is expected from capital management actions (e.g. disposal, partnership, listing) on non-core assets, including Banca Fideuram.

As regards these actions, preliminary contacts are under way with different parties potentially interested and at the current stage terms and conditions of any possible finalisation cannot be defined.

Any development will be duly disclosed to the market."

Intesa Sanpaolo confirms plans for bolstering capital base and growing without using "Tremonti Bonds"

On 29 September 2009, Intesa Sanpaolo published a press release, the full text of which is set out below:

"At today's meetings the Intesa Sanpaolo Management Board chaired by Enrico Salza and the Supervisory Board chaired by Giovanni Bazoli have decided - in light of better trends in the Group's performance and the economic scenario than those foreseeable at the beginning of the year - to issue up to 1.5 billion euro of Tier 1 and speed up and increase capital management actions (e.g. partial or full disposals, partnerships, listings) envisaged in the Business Plan in order to assure the Group the capital base necessary to sustain a growth in lending activity even greater than that foreseeable today. Thus, relying on a capital base adequate for growth, the two Boards have decided not to carry out procedures started on 20 March last for the issue of special bank bonds to be subscribed by the Ministry for Economy and Finance (so-called "Tremonti Bonds") and consequently not to make the relevant request for subscription to the Ministry for Economy and Finance and the Bank of Italy.

Both Boards have renewed their appreciation of the Government's willingness to subscribe the Tremonti Bonds, when the crisis was at the peak of its uncertainty, which has concretely helped the Italian banking system come out of a very critical and risky market phase.

Actions taken so far as regards the Tremonti Bonds

The Management Board and the Supervisory Board at their meetings of 20 March 2009 decided within their respective competences to start procedures for the issue of up to a maximum of 4 billion euro of Tremonti Bonds with the aim of having an "insurance policy" against three main risks represented by:

- *markets collapsing further with the Group unable to turn to the markets to meet eventual internal needs and/or loan demands;*

- *the Group being unable to deliver on capital management actions targeted in the Business Plan;*
- *the Group being penalised by competitive disadvantages generated by state aid given to the major international competitors to bolster their capital base.*

Moreover, issuing the Tremonti Bonds has been looked upon as a "bridge" - and so to be repaid as soon as possible - until capital management actions (e.g. partial or full disposals, setting up partnerships, listings) on non-core assets are finalised, that is an instrument to underpin the Group's capital temporarily while a permanently stronger capital base is being built through the capital management actions envisaged in the Business Plan.

The decision about the formal request for subscription has taken place as close as possible to the expiry date - the end of September - in order to take into consideration how both internal and market events have been evolving. Meanwhile, Intesa Sanpaolo has also worked with departments of the Ministry of the Economy and Finance to prepare all the necessary documents in case a decision to present the formal request was taken.

Main considerations about the possible issue of Tremonti Bonds

Taking up the Tremonti Bonds option would have led to a further strengthening of the Intesa Sanpaolo Group's Core Tier 1 ratio and Tier 1 ratio by about 100 basis points.

On the other hand, today it has been considered that - based on how both internal and market events have been evolving - the Group is able to reach and exceed capital strength targets on its own:

- *the level of the Group's capital ratios are higher than could have been foreseen at the beginning of the year. As at June 2009, the Core Tier 1 ratio stood at 6.9% (Tier 1 ratio at 7.7%). This capital level is fully consistent with both the risk profile of a banking group like Intesa Sanpaolo and the assumptions and targets that the Group has been considering. There is reason to believe that the Group's ratios can remain at around 7% for the Core Tier 1 and 8% for the Tier 1 in the next 12-18 months even with no benefits from significant capital management actions (e.g. partial or full disposals, partnerships, listings) and although resuming payment of dividends on ordinary shares;*
- *latest analyses show that Intesa Sanpaolo can count on more than 200 basis points of Core Tier 1 ratio and Tier 1 ratio to be generated by capital management actions on non-core assets. Delivering on these actions is much more viable today with respect to earlier in the year. The value of non-core assets has grown compared to initial estimates to more than 11-15 billion euro, considering either the book value or a reasonable market value;*
- *taking into account the current levels of Core Tier 1 ratio and Tier 1 ratio, their trends as well as capital benefits from only half of the planned actions (resulting in at least 100 basis points), the Intesa Sanpaolo Group has the capital base to sustain the foreseeable loan growth level and to increase lending further by over 60 billion euro, an increase which is hard to imagine for the short term even in the presence of a very sustained economic recovery.*

Taking up the Tremonti Bonds would have allowed the Group to compensate for any competitive disadvantages generated by fund injections which many peers had received from the Governments of their respective countries; on the other hand, banks which have taken state aid have being repaying it to a large extent.

The situation has improved for Intesa Sanpaolo also considering cost of funding. The Group enjoys a significantly reduced Credit Default Swap, which is currently the lowest among the leading European banks.

Beyond the consideration that issuing the Tremonti Bonds is no longer essential to assure the Group's solidity and development, the following has been taken into account:

- *the Tremonti Bonds have become a relatively more costly instrument with the progressive drop in market rates and the relaunch of hybrid bond issues. Annual cost for 4 billion euro of Tremonti Bonds would have been equal to a minimum of 340 million euro (a maximum of 600 million euro), corresponding to a minimum pre-tax cost (thus comparable to other market instruments) of 12.6% (maximum 22.2%). Moreover, the market tends to consider the Tremonti Bonds as available capital in a broad sense more than as Core Tier 1. Therefore, from this point of view issuing Tier 1 instruments, whose actual costs are today significantly lower than the Tremonti Bonds, basically serves the same purpose;*

- *worldwide, a large number of banks which have received state aid from the Governments of their respective countries are in the process of repaying it. So the market would have found it hard to understand why Intesa Sanpaolo has decided today to resort to state aid after having stood out even, and above all, during the worst moments of the international financial crisis thanks to its low leverage (today Intesa Sanpaolo has the best ratio of tangible net shareholders' equity to tangible total assets among the leading European banks), its liquidity (Intesa Sanpaolo has currently one of the strongest short/medium-term liquidity positions among the European peers) and its low risk profile.*

The decisions made today

Today, the Management Board and the Supervisory Board, within their respective competences, have decided - in light of the results achieved by the Group and the foreseeable trend of the economy - not to issue the Tremonti Bonds and to:

- *keep the intention to maintain the Group's Core Tier 1 ratio and Tier 1 ratio at structural levels not lower than 7% and 8% respectively in the coming years even if lending activity starts growing again, with no need for a rights issue and resuming dividend payment on ordinary shares for 2009 payable in 2010;*

- *to seize favourable market conditions to issue up to 1.5 billion euro of Tier 1. In this way the Tier 1 ratio would register an immediate increase up to a maximum of around 40 basis points. The quality of the Group's capital would remain among the best in the industry, with an incidence of the core capital on the total regulatory capital still at 60-65% destined to become stronger over the next months also as a result of the effects of the planned capital management actions on non-core assets;*

- *to speed up capital management actions on non-core assets envisaged in the Business Plan, setting the most appropriate timing and ways with the intention of having at least half of the planned transactions taking place within the next months - being disposals, either partial or full, partnerships, listings - which should deliver a benefit to the Group's capital ratios of at least 100 basis points in terms of Core Tier 1 and Tier 1.*

Although the current capital base of Intesa Sanpaolo can be considered adequate to the Group's risk profile and its will to increase lending, it has been decided to:

- *substantially strengthen the capital base immediately by up to a further 40 basis points through the issue of Tier 1;*

- *replace in the short run the "provisional" effect of 100 basis points from the Tremonti Bonds with structural effects of at least the same size resulting from capital management actions on non-core assets;*

- *pursue further capital management actions able to bolster the capital base by at least an additional 100 basis points, if lending activity increases more than expectations and/or regulators set relatively higher capital ratios than those achievable by the Group as a result of the aforementioned decisions.*

* * *

The Management Board and the Supervisory Board of Intesa Sanpaolo confirm that the Group remains true to its traditional commitment to support the economy even during the most severe phases and promote all possible initiatives aimed at growth.

Intesa Sanpaolo has long since been the banking Group most engaged in Italy in making lending available to households, businesses, Public Administration and the third sector. As of today, the Group's total loan facilities granted to the Italian System amount to nearly one third of the country's GDP.

Recent months have seen numerous initiatives being implemented which include:

- *the agreement between the Intesa Sanpaolo Banca dei Territori Division and Confindustria in favour of small and medium enterprises, comprising a moratorium on loan instalments, recapitalising and financing receivables including those overdue, which was signed before the agreements involving the entire banking system;*
- *agreements serving the same purpose which have also involved other business categories such as merchants and tradesman and will shortly be extended to farmers;*
- *initiatives supporting specific industries such as tourism, the agro-business and companies participating in fairs and conferences;*
- *loans to infrastructures and the public sector, handled by the subsidiary Banca Infrastrutture Innovazione e Sviluppo (BIIS) including motorways, health services, regional railways and high-speed railways, schools, public housing, alternative energies and water services;*
- *financing innovation, besides the programme of the "Nova+" lines currently being developed by the subsidiary Mediocredito Italiano, also via joint actions with the European Investment Bank;*
- *financing internationalisation processes while carrying on initiatives with SACE and SIMEST also via agreements between Intesa Sanpaolo, the subsidiary BIIS and Assocamerestero;*
- *advances to facilitate non-profit organisations and micro-lending activities, also through the agreement between Intesa Sanpaolo, the subsidiary Banca Prossima and Conferenza Episcopale Italiana regarding the so-called Prestito della Speranza.*

Through these and other actions the Group is making available to the Italian System tens of billions of euros that are useful to start a new phase of growth in our Country."

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

Lending Activity

The following tables provide a breakdown of the lending activity of the Intesa Sanpaolo Group as at 30 June 2009 and 31 December 2008. Such information is derived from the unaudited consolidated half-yearly financial statements of Intesa Sanpaolo as at and for the six months ended 30 June 2009.

Loans to Customers	**30 June 2009** (*unaudited*)	**31 December 2008** (*unaudited*)
	(in millions of euro)	*(in millions of euro)*
Current accounts	35,126	37,942
Mortgages	167,574	168,876
Advances and other loans	138,781	153,174
Repurchase agreements	9,651	8,177
Loans represented by securities	18,547	15,496
Non-performing loans	16,645	11,524
Loans to Customers	**386,324**	**395,189**

Loans to customers: loan portfolio quality	**30 June 2009** (*unaudited*)	**31 December 2008** (*unaudited*)
	(in millions of euro)	*(in millions of euro)*
Doubtful loans	4,542	3,968
Substandard	8,409	5,291
Restructured loans	1,868	399
Past due loans	1,826	1,866
Non-performing loans	**16,645**	**11,524**
Performing loans	351,132	368,169
Performing loans represented by securities	18,547	15,496
Loan to Customers	**386,324**	**395,189**

Funding Activity

The following table provides breakdowns of the Intesa Sanpaolo Group's direct customer deposits as at 30 June 2009 and 31 December 2008.

Direct customer deposits	**30 June 2009** (*unaudited*)	**31 December 2008** (*unaudited*)
	(in millions of euro)	*(in millions of euro)*
Current accounts and deposits	207,116	202,550
Repurchase agreements and securities lending	9,522	8,528
Bonds	122,768	119,720
of which designated at fair value(*)	*3,871*	*3,878*
Certificates of deposit	31,716	30,899
Subordinated liabilities	20,790	20,031
Financial liabilities of the insurance business designated at fair value(*)	22,051	21,241
Other deposits	28,489	27,928
of which designated at fair value(*)	-	-
Direct customer deposits	**442,452**	**430,897**

(*) Figures included in the Balance Sheet under the item Financial Liabilities designated at fair value through profit and loss.

Regulatory Capital and Capital Ratios

The following table shows the Intesa Sanpaolo Group's regulatory capital and related capital ratios as at 30 June 2009 and 31 December 2008, determined using the instructions issued by the Bank of Italy which take IFRS principles into account.

Regulatory capital	**30 June 2009** (*unaudited*)	**31 December 2008** (*audited*)
	(in millions of euro)	*(in millions of euro)*
Tier 1 capital	28,442	27,074
of which: preferred shares	*3,000*	*2,998*
Tier 2 capital	14,843	14,748
Minus items to be deducted	(2,827)	(2,774)
Regulatory capital	**40,458**	**39,048**
Tier 3 subordinated loans	30	30
Total regulatory capital	**40,488**	**39,078**
Risk-weighted assets	**369,740**	**383,072**
Capital ratios	(%)	(%)
Core Tier 1	6.9	6.3
Tier 1	7.7	7.1
Total capital ratio	11.0	10.2

In compliance with provisions of Bank of Italy Circular 263/2006, in the calculation of capital ratios' elements to be deducted from total regulatory capital have been deducted separately and in an equal amount from Tier 1 and Tier 2 capital, with the exception of contributions deriving from the insurance business that relate to contracts which arose prior to 20 July 2006, and as such continue to be deducted from total capital.

Unaudited Consolidated Half-Yearly Financial Statements

The financial information set out below has been derived from the unaudited consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30 June 2009 (the "**2009 Half-yearly Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as implemented in the European Union by Regulation (EC) No. 1606/2002.

The financial information below forms only a part of the 2009 Half-yearly Financial Statements and should be read in conjunction with and is qualified entirely by reference to the Issuer's 2009 Half-yearly Financial Statements, which are incorporated by reference in this Prospectus.

INTESA SANPAOLO

UNAUDITED CONSOLIDATED HALF-YEARLY BALANCE SHEETS

AS AT 30/06/2009

Assets	**30.06.2009** (*unaudited*) *(in millions of euro)*	**31.12.2008** (*audited*) *(in millions of euro)*
Cash and cash equivalents	5,982	7,835
Financial assets held for trading	74,750	61,080
Financial assets designated at fair value through profit and loss	20,958	19,727
Financial assets available for sale	32,802	29,083
Investments held to maturity	5,241	5,572
Due from banks	50,218	56,371
Loans to customers	386,324	395,189
Hedging derivatives	6,730	5,389
Fair value change of financial assets in hedged portfolios (+/-)	66	66
Investments in associates and companies subject to joint control	3,620	3,230
Technical insurance reserves reassured with third parties	38	40
Property and equipment	5,238	5,255
Intangible assets	26,540	27,151
of which		
- goodwill	*19,368*	*19,694*
Tax assets	7,239	7,495
a) current	*1,823*	*2,752*
b) deferred	*5,416*	*4,743*
Non-current assets held for sale and discontinued operations	1	1,135
Other assets	12,695	11,515
Total Assets	**638,442**	**636,133**

INTESA SANPAOLO

UNAUDITED CONSOLIDATED HALF-YEARLY BALANCE SHEETS

AS AT 30/06/2009

Liabilities and Shareholders' Equity	**30.06.2009** (*unaudited*) *(in millions of euro)*	**31.12.2008** (*audited*) *(in millions of euro)*
Due to banks	47,301	51,745
Due to customers	222,537	217,498
Securities issued	193,993	188,280
Financial liabilities held for trading	41,327	45,870
Financial liabilities designated at fair value through profit and loss	25,922	25,119
Hedging derivatives	4,771	5,086
Fair value change of financial liabilities in hedged portfolios (+/-)	1,505	1,236
Tax liabilities	2,908	4,461
a) current	*584*	*1,607*
b) deferred	*2,324*	*2,854*
Liabilities associated with non-current assets held for sale and discontinued operations	-	1,021
Other liabilities	20,289	20,046
Employee termination indemnities	1,463	1,487
Allowances for risks and charges	3,779	3,982
a) post employment benefits	*454*	*504*
b) other allowances	*3,325*	*3,478*
Technical reserves	20,803	20,248
Valuation reserves	-1,041	-1,412
Reimbursable shares	-	-
Equity instruments	-	-
Reserves	10,451	8,075
Share premium reserve	33,102	33,102
Share capital	6,647	6,647
Treasury shares (-)	-5	-11
Minority interests (+/-)	1,102	1,100
Net income (loss)	1,588	2,553
Total Liabilities and Shareholders' Equity	**638,442**	**636,133**

INTESA SANPAOLO

UNAUDITED CONSOLIDATED HALF-YEARLY STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED 30/06/2009 AND 30/06/2008

	30.06.2009 (*unaudited*) *(in millions of euro)*	**30.06.2008** (*unaudited*) *(in millions of euro)*
Interest and similar income	10,629	13,500
Interest and similar expense	-4,827	-7,438
Interest margin	5,802	6,062
Fee and commission income	2,970	3,560
Fee and commission expense	-560	-623
Net fee and commission income	2,410	2,937
Dividend and similar income	313	509
Profits (Losses) on trading	482	-822
Fair value adjustments in hedge accounting	29	-11
Profits (Losses) on disposal or repurchase of	47	23
a) loans	*-7*	*-19*
b) financial assets available for sale	*47*	*27*
c) investments held to maturity	-	-
d) financial liabilities	*7*	*15*
Profits (Losses) on financial assets and liabilities designated at fair value	-168	130
Net interest and other banking income	8,915	8,828
Net losses / recoveries on impairment	-1,786	-589
a) loans	*-1,647*	*-600*
b) financial assets available for sale	*-100*	*-28*
c) investments held to maturity	-	-
d) other financial activities	*-39*	*39*
Net income from banking activities	7,129	8,239
Net insurance premiums	2,538	955
Other net insurance income (expense)	-2,744	-718
Net income from banking and insurance activities	6,923	8,476
Administrative expenses	-4,499	-4,998
a) personnel expenses	*-2,845*	*-3,324*
b) other administrative expenses	*-1,654*	*-1,674*
Net provisions for risks and charges	-149	-105
Net adjustments to / recoveries on property and equipment	-194	-202
Net adjustments to / recoveries on intangible assets	-357	-473
Other operating expenses (income)	45	172
Operating expenses	-5,154	-5,606
Profits (Losses) on investments in associates and companies subject to joint control	22	366
Valuation differences on property, equipment and intangible assets measured at fair value	-	-
Goodwill impairment	-	-
Profits (Losses) on disposal of investments	-1	2
Income (Loss) before tax from continuing operations	1,790	3,238
Taxes on income from continuing operations	-195	-1,002
Income (Loss) after tax from continuing operations	1,595	2,236
Income (Loss) after tax from discontinued operations	50	965
Net income (loss)	1,645	3,201
Minority interests	-57	-94
Parent Company's net income (loss)	**1,588**	**3,107**
Basic EPS - Euro	0.12	0.24
Diluted EPS - Euro	0.12	0.24

Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31 December 2008 and 2007 has been derived from the audited consolidated annual financial statements of the Issuer, which have been prepared in accordance with IFRS.

All of the financial information set out below is derived from, should be read in conjunction with and is qualified entirely by reference to the Issuer's audited annual consolidated financial statements, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus.

INTESA SANPAOLO

AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS

AS AT 31/12/2008 AND 31/12/2007

Assets	**31.12.2008** (*audited*) *(in millions of euro)*	**31.12.2007** (*audited*) *(in millions of euro)*
Cash and cash equivalents	7,835	3,463
Financial assets held for trading	61,080	52,759
Financial assets designated at fair value through profit and loss	19,727	19,998
Financial assets available for sale	29,083	36,914
Investments held to maturity	5,572	5,923
Due from banks	56,371	62,831
Loans to customers	395,189	335,273
Hedging derivatives	5,389	3,017
Fair value change of financial assets in hedged portfolios (+/-)	66	12
Investments in associates and companies subject to joint control	3,230	3,522
Technical insurance reserves reassured with third parties	40	34
Property and equipment	5,255	5,191
Intangible assets	27,151	25,771
of which		
- goodwill	*19,694*	*17,464*
Tax assets	7,495	3,639
a) current	*2,752*	*1,956*
b) deferred	*4,743*	*1,683*
Non-current assets held for sale and discontinued operations	1,135	4,222
Other assets	11,515	10,390
Total Assets	**636,133**	**572,959**

INTESA SANPAOLO

AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS

AS AT 31/12/2008 AND 31/12/2007

Liabilities and Shareholders' Equity	**31.12.2008** *(audited)* *(in millions of euro)*	**31.12.2007** *(audited)* *(in millions of euro)*
Due to banks	51,745	67,688
Due to customers	217,498	206,592
Securities issued	188,280	139,891
Financial liabilities held for trading	45,870	24,608
Financial liabilities designated at fair value through profit and loss	25,119	27,270
Hedging derivatives	5,086	2,234
Fair value change of financial liabilities in hedged portfolios (+/-)	1,236	-4
Tax liabilities	4,461	3,863
a) current	*1,607*	*683*
b) deferred	*2,854*	*3,180*
Liabilities associated with non-current assets held for sale and discontinued operations	1,021	3,265
Other liabilities	20,046	17,951
Employee termination indemnities	1,487	1,488
Allowances for risks and charges	3,982	4,193
a) post employment benefits	*504*	*486*
b) other allowances	*3,478*	*3,707*
Technical reserves	20,248	21,571
Valuation reserves	-1,412	699
Reimbursable shares	-	-
Equity instruments	-	-
Reserves	8,075	5,712
Share premium reserve	33,102	33,457
Share capital	6,647	6,647
Treasury shares (-)	-11	-2,207
Minority interests (+/-)	1,100	791
Net income (loss)	2,553	7,250
Total Liabilities and Shareholders' Equity	**636,133**	**572,959**

INTESA SANPAOLO

AUDITED CONSOLIDATED ANNUAL STATEMENTS OF INCOME

FOR THE YEARS ENDED 31/12/2008 AND 31/12/2007

	31.12.2008 (*audited*) *(in millions of euro)*	**31.12.2007** (*audited*) *(in millions of euro)*
Interest and similar income	28,041	24,385
Interest and similar expense	-15,587	-14,219
Interest margin	12,454	10,166
Fee and commission income	6,738	7,304
Fee and commission expense	-1,247	-1,382
Net fee and commission income	5,491	5,922
Dividend and similar income	704	781
Profits (Losses) on trading	-1,329	-165
Fair value adjustments in hedge accounting	-143	27
Profits (Losses) on disposal or repurchase of	46	266
a) loans	*-50*	*-156*
b) financial assets available for sale	*80*	*420*
c) investments held to maturity	-	-
d) financial liabilities	*16*	*2*
Profits (Losses) on financial assets and liabilities designated at fair value	6	320
Net interest and other banking income	17,229	17,317
Net losses / recoveries on impairment	-3,270	-1,141
a) loans	*-2,433*	*-1,043*
b) financial assets available for sale	*-963*	*-62*
c) investments held to maturity	-	-
d) other financial activities	*126*	*-36*
Net income from banking activities	13,959	16,176
Net insurance premiums	1,773	1,708
Other net insurance income (expense)	-1,575	-2,124
Net income from banking and insurance activities	14,157	15,760
Administrative expenses	-10,055	-9,310
a) personnel expenses	*-6,389*	*-5,994*
b) other administrative expenses	*-3,666*	*-3,316*
Net provisions for risks and charges	-365	-577
Net adjustments to / recoveries on property and equipment	-432	-437
Net adjustments to / recoveries on intangible assets	-1,744	-921
Other operating expenses (income)	182	162
Operating expenses	-12,414	-11,083
Profits (Losses) on investments in associates and companies subject to joint control	176	338
Valuation differences on property, equipment and intangible assets measured at fair value	-	-
Goodwill impairment	- 1,065	-196
Profits (Losses) on disposal of investments	203	41
Income (Loss) before tax from continuing operations	1,057	4,860
Taxes on income from continuing operations	589	-1,539
Income (Loss) after tax from continuing operations	1,646	3,321
Income (Loss) after tax from discontinued operations	1,036	4,035
Net income (loss)	2,682	7,356
Minority interests	-129	-106
Parent Company's net income (loss)	**2,553**	**7,250**
Basic EPS - Euro	0.20	0.57
Diluted EPS - Euro	0.20	0.57

TAXATION

The following is a general summary of certain tax consequences in Italy of acquiring, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. This summary is based upon tax laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Italy

Tax treatment of interest and other proceeds under the Notes

Pursuant to Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"), as amended and restated, in general, interest and other proceeds (including the difference between the redemption amount and the issue price) in respect of notes with a maturity of not less than 18 months which are classified as "bonds" or "securities similar to bonds" (*obbligazioni or titoli similari alle obbligazioni*) for Italian tax purposes and which are issued by Italian banks or listed companies (i.e. so-called *grandi emittenti*) may be subject to Italian substitute tax, depending on the legal status of the beneficial owner of such interest and other proceeds. In particular, the tax regime provided for by Decree No. 239 applies to interest and other proceeds on securities with maturity not less than 18 months that qualify as (i) "bonds", which are the securities classified as *obbligazioni* pursuant to Art. 2410 et seq. of the Italian Civil Code or to Art. 12 of Italian Legislative Decree No. 385 of 1st September 1993, or (ii) other securities, defined as "securities similar to bonds" by Article 44(2)(c) of Italian Presidential Decree 22 December 1986, No. 917 ("**Decree no. 917**"), which incorporate an unconditional obligation to pay an amount not less than their nominal value at maturity and that do not give any right to participate directly or indirectly in the management of the relevant issuer or of the business in relation to which they are issued. The Italian tax authorities have clarified (Revenue Agency Circular No. 4/E of 18 January 2006) that bonds may have a maturity which is not scheduled at a specific date but which is linked to the duration of the issuing company or to the liquidation thereof, if the company has been incorporated for an indefinite duration pursuant to Article 2328(2), No. 13, of the Italian Civil Code.

Italian resident Noteholders — applicability of substitute tax

Under Decree No. 239, payments of interest and other proceeds (including the original issue discount, if any) in respect of the Notes to Italian resident beneficial owners (either when interest and other proceeds are paid or when payment thereof is obtained by a beneficial owner on a transfer of the Notes) are subject to a final substitute tax (*imposta sostitutiva*) at a rate of 12.5 per cent. in the Republic of Italy if made to Italian resident beneficial owners that are:

(i) private individuals holding the Notes otherwise than in connection with an entrepreneurial activity (for individuals holding the Notes in connection with an entrepreneurial activity, see below);

(ii) partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations;

(iii) public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal activity; or

(iv) entities exempt from corporate income tax,

(in each case, unless they have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the regime provided for under Article 7 of Legislative Decree No. 461 of 21 November 1997, the so called "asset management option" or *risparmio gestito*).

Based on Conditions 9.1 (*Gross up*) of the terms and conditions of the Notes, the Issuer will not be obliged to pay any Additional Amounts in relation to substitute tax (*imposta sostitutiva*) applied pursuant to Decree No. 239 on payments of interest or other proceeds in respect of the Notes to Italian resident beneficial owners.

Where the Notes are held by an individual or by an entity indicated under (iii) above, in either case in connection with an entrepreneurial activity, interest and other proceeds relating to the Notes are subject to substitute tax and have to be included in the relevant beneficial owner's income tax return. As a consequence, interest and other proceeds are subject to ordinary income tax and substitute tax may be recovered as a deduction from income tax due.

The 12.5 per cent. substitute tax is applied by the Italian resident qualified financial intermediaries provided by law (including banks, *società di intermediazione mobiliare* (or "**SIMs**"), fiduciary companies, *società di gestione del risparmio* (or "**SGRs**"), stock brokers and other qualified entities expressly indicated in Ministerial Decrees, as well as permanent establishments in the Republic of Italy of banks or intermediaries resident outside the Republic of Italy, collectively referred to as "**Intermediaries**" and each as an "**Intermediary**") that intervene, in any way, in the collection of interest and other proceeds on the Notes or, also as transferee, in the transfer of the Notes.

If the Notes are not deposited with any qualified Intermediary, substitute tax is applied and withheld by any Italian intermediary (including a permanent establishment in Italy of a foreign entity) paying interest to a beneficial owner.

If interest and other proceeds on the Notes are not collected through the intervention of an Italian resident intermediary, substitute tax is levied by the Issuer.

Italian resident Noteholders — substitute tax not applicable

Pursuant to Decree No. 239, payments of interest and other proceeds (including the original issue discount) in respect of the Notes to Italian resident beneficial owners are not subject to substitute tax if made to beneficial owners that are:

(i) Italian resident individuals or other entities holding the Notes otherwise than in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *risparmio gestito* regime;

(ii) Italian resident collective investment funds and SICAVs and pension funds subject to the tax regime provided for by Art. 17 of Legislative Decree No. 252 of 5 December 2005;

(iii) Italian resident real estate investment funds;

(iv) Italian resident corporations or permanent establishments in the Republic of Italy of non-resident corporations to which the Notes are effectively connected;

(v) Italian resident partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* and other similar partnerships, including *de facto* partnerships, carrying out a commercial activity; or

(vi) public and private entities, other than companies, carrying out commercial activities and holding the Notes in connection with the same commercial activities.

If the Notes are part of an investment portfolio managed on a discretionary basis by an Italian authorised intermediary and the beneficial owner of the Notes has opted for the *risparmio gestito* regime, an annual substitute tax at a rate of 12.5 per cent. (the "**Asset Management Tax**") applies on the increase in value of the managed assets accrued, even if not realised, at the end of each tax year (which increase includes interest, premium and other proceeds accrued on Notes during the holding period). The substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian resident collective investment funds and SICAVs are generally subject to a 12.5 per cent. annual substitute tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase includes interest and other proceeds accrued on the Notes during the holding period).

Italian resident pension funds subject to the tax regime provided by Art. 17 of Legislative Decree No. 252 of 5 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 includes interest and other proceeds accrued on Notes during the holding period).

Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 ("**Decree No. 58**") and Art. 14-bis of Italian Law No. 86 of 25 January 1994, are not subject to any taxation at the fund level on payments under the Notes.

Interest and other proceeds on the Notes accrued to (a) Italian resident corporations or to permanent establishments in the Republic of Italy of foreign companies to which the Notes are effectively connected, (b) Italian resident partnerships qualified as *società in nome collettivo* or *società in accomandita semplice* or similar partnerships carrying out a commercial activity; and (c) Italian resident public and private entities, carrying out commercial activities and holding the Notes in connection with the same commercial activities, generally are included in the taxable business income for income tax purposes (and, in certain cases, depending on the status of the Noteholder, may also be included in the taxable net value of production for the purposes of regional tax on productive activities - IRAP) of such beneficial owners, subject to tax in the Republic of Italy in accordance with ordinary tax rules.

To ensure payment of interest and other proceeds in respect of the Notes without application of substitute tax, where allowed, investors indicated herein under (i) to (vi) above must be the beneficial owners of payments of interest and other proceeds on the Notes and must deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly, with an Italian authorised financial intermediary.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the substitute tax is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of interest and other proceeds in respect of the Notes to any Noteholder or by the Issuer and Noteholders indicated above under (a), (b) and (c) are entitled to deduct substitute tax suffered from income taxes due.

Non-Italian resident Noteholders

Pursuant to Decree No. 239 payments of interest and other proceeds in respect of the Notes are not subject to substitute tax if made to non-Italian resident beneficial owners of the Notes with no permanent establishment in the Republic of Italy to which the Notes are effectively connected, provided that:

(a) they are resident for tax purposes in a country which allows an adequate exchange of information with Italy. The exemption from substitute tax also applies to (i) non-Italian resident "institutional investors" (i.e. entities whose activity consists of making or managing investments on their own behalf or on behalf of other persons, as defined by the Revenue Agency Circular No. 23/E of 1 March 2002), even if they are not treated as taxpayers in their country of residence, but provided that they are established in a country which allows for an adequate exchange of information with Italy (and subject to certain other conditions mentioned in Circular No. 23/E, quoted, and in Revenue Agency Circular No. 20/E of 27 March 2003), (ii) international bodies or entities set up in accordance with international agreements ratified by Italy, and (iii) central banks or entities managing the official reserves of the State;

(b) the Notes and the coupons relating to the Notes are deposited in due time, directly or indirectly, with an Italian authorised financial Intermediary or with a non-Italian resident entity participating in a centralised securities management system which is in contact, via telematic link, with the Ministry of Economics;

(c) the intermediaries mentioned in (b) above receive in due time a self-declaration from the Noteholder stating, inter alia, to be resident or established, as the case may be, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-declaration - which is not requested for international bodies or entities set up in accordance with international agreements ratified by Italy nor for foreign central banks or entities managing official State reserves - must comply with the requirements set forth by Italian Ministerial Decree of 12th December, 2001 and is valid until withdrawn or revoked. Additional statements may be required for non-Italian resident Noteholders who are institutional investors;

(d) the intermediaries mentioned in (b) above receive all necessary information to identify the non-resident Noteholder of the deposited Notes, and all necessary information in order to determine the amount of interest and other proceeds that such Noteholder is entitled to receive.

For the purposes of the above, the currently applicable "white list" of countries allowing for an adequate exchange of information with Italy is provided for by Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to Budget Law 2008, a decree still to be issued is proposed to introduce a new "white list" ordered to replace the current one.

Non-Italian resident Noteholders are subject to final substitute tax at the rate of 12.5 per cent. on interest and other proceeds on the Notes if any of the above conditions (a), (b), (c) or (d) is not satisfied. As to non-Italian resident Noteholders, substitute tax may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable, and in any case subject to proper compliance with subjective and procedural requirements provided for. The 12.5 per cent. (or the lower rate provided for by the relevant applicable double taxation treaty) final substitute tax will be generally applied by any Italian resident qualified financial intermediary that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes or by the Issuer.

Early redemption

Without prejudice to the above provisions, in the event that the Notes are redeemed, in full or in part, prior to eighteen months from their date of issue, the Issuer is required to pay an additional amount equal to 20 per cent. of the interest, premium and other proceeds accrued up to the time of the early redemption. In accordance with one interpretation of Italian tax law, in the event of a purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the issue date, this 20 per cent. additional amount may also be due.

Capital gains tax

Capital gains realised by Italian resident Noteholders

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in the Republic of Italy according to the relevant tax provisions, if realised by Noteholders that are:

- Italian resident corporations;
- Italian resident partnerships classified as *società in nome collettivo* or *società in accomandita semplice* and other similar partnerships, including *de facto* partnerships, carrying on a commercial activity;
- permanent establishments in the Republic of Italy of foreign corporations to which the Notes are effectively connected;
- Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out; or
- public or private entities, other than companies, carrying out commercial activities, holding the Notes in connection with the same commercial activities.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding the Notes otherwise than in connection with an entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to substitute tax at the current rate of 12.5 per cent. Under the so called "tax return regime" (*regime della dichiarazione*), which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss of the same kind, realised by Italian resident individuals holding the Notes otherwise than in connection with an entrepreneurial activity pursuant to all disposals of Notes carried out during any given tax year. Italian resident individuals holding the Notes otherwise than in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same kind, in the annual tax return to be filed for such year and pay substitute tax on such gains together with any income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax return regime, Italian resident individual Noteholders holding the Notes otherwise than in connection with entrepreneurial activity may elect to pay a 12.5 per cent. substitute tax separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with

Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being made in writing in due time by the relevant Noteholder. Under the *risparmio amministrato* regime, the financial intermediary is responsible for accounting for substitute tax in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss of the same kind, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, by deducting a corresponding amount from proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose.

Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised 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 Noteholder is not required to declare capital gains in its annual tax declaration.

Any capital gains accrued on Notes held otherwise than in connection with entrepreneurial activity by Italian resident individuals who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have elected for the *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to report capital gains realised in its annual tax declaration.

In the case of Notes held by Italian resident collective investment funds or SICAVs, capital gains on the Notes are included in the computation of the taxable basis of the Collective Investment Fund Tax.

In the case of Notes held by Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005, capital gains on the Notes are included in the computation of the taxable basis of the Pension Fund Tax.

Capital gains realised by non-Italian resident Noteholders

Pursuant to Article 23(1)(f) of Decree No. 917, any capital gains realised upon sale for consideration or redemption of the Notes by non-Italian residents without a permanent establishment in the Republic of Italy to which the Notes are effectively connected are not subject to taxation in the Republic of Italy to the extent that the Notes are listed on a regulated market (as defined in the EC Directive No. 2004/39/EC) in the Republic of Italy or abroad, even if the Notes are held in the Republic of Italy and regardless of the provisions set forth by any applicable double tax treaty.

In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *risparmio gestito* regime or are subject to the *risparmio amministrato* regime, may be required to produce in due time to the Italian authorized financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes.

Italian inheritance and gift tax

The Italian regime for inheritance and gift tax is provided for under Law Decree No. 262 of 3 October 2006 ("**Law Decree No. 262**"), as converted, with amendments, by Law No. 286 of 24 November 2006, Law No. 296 of 27 December 2006 and Legislative Decree No. 346 of 31 October 1990.

Under such rules, subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including notes) (i) by reason of death or donations by Italian residents, even if the transferred assets are held outside Italy, and (ii) by reason of death or donations by non-Italian residents, but limited to transferred assets held in Italy (which, for presumption of law, includes notes qualifying as bonds issued by Italian resident companies).

Pursuant to Decree No. 262, transfers of assets and rights (including the Notes) on death or by gift are generally subject to inheritance and gift tax:

- at a rate of 4 per cent. in case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €1,000,000;
- at a rate of 6 per cent. in case of transfers made to certain other relatives (in the case of transfers to brothers or sisters, the 6 per cent. rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €100,000); and
- at a rate of 8 per cent. in any other case.

Transfer tax

Law Decree No. 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008 ("**Decree No. 248**"), has repealed the Italian transfer tax on the transfer of securities (so-called "*tasse sui contratti di borsa*"), previously applicable, *inter alia*, to the transfer of bonds or similar securities issued by Italian resident entities.

Based on Art. 11 of the Tariff (Part I) enclosed to Presidential Decree No. 131 of 26 April 1986, and to Art. 2 of the same Tariff (Part II), any acts, agreements and deeds regulating the transfer of Notes may be subject, in certain cases, to Italian registration tax in a lump sum of Euro 168.00.

European Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), EU member states are required to provide to the tax authorities of another member state details of payments of interest (or similar income) made by a person within its jurisdiction to, or collected by such a person in favour of, a beneficial owner that is an individual resident in that other member state. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting taxes at rates rising over time at 35 per cent. The ending of such transitional period will depend upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories, including, inter alia, Switzerland, have agreed to adopt similar measures (which will be a withholding system in the case of Switzerland) with effect from the same date.

The Republic of Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU member state or in a dependent or associated territory under the relevant international agreement, Italian qualified paying agents (i.e. banks, SIMs, fiduciary companies and SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) must report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information will be 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 Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in specific cases, UCITS recognised in accordance with Directive 85/611/EEC.

Additional Amounts which, at present, may become due as described in Condition 9 (*Taxation*) above would not be due in respect of withholding tax imposed under or pursuant to the EU Savings Directive, or any law implementing or complying with, or introduced in order to conform to, the EU Savings Directive.

Tax Monitoring Obligations

Pursuant to Law Decree No. 167 of 28 June 1990, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy are required to report in their yearly income tax declaration, for tax monitoring purposes:

(a) the amount of securities (including the Notes) held abroad at the end of each tax year, if exceeding in the aggregate €10,000; and

(b) the amount of any transfers from abroad, sent abroad and occurring abroad, related to such securities, occurred during each tax year, if exceeding in the aggregate €10,000, even if at the end of the tax year the securities are no longer held by such investors.

The above persons are, however, not required to comply with the above reporting requirements in respect of securities deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that the items of income derived from such securities are collected through the intervention of the same intermediaries.

SUBSCRIPTION AND SALE

Banca IMI S.p.A., Goldman Sachs International, HSBC Bank plc and J.P. Morgan Securities Ltd. (together the "**Joint Lead Managers**") have, in a subscription agreement dated 12 October 2009 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount, less commissions. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of the expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not 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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period 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 commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted 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 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if it were not an authorised person, apply to the Issuer; 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 the Notes in, from or otherwise involving the United Kingdom.

Italy

Each of the Joint Lead Managers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Prospectus or any other document relating to the Notes in the Republic of Italy except:

(1) to qualified investors (*investitori qualificati*), as defined in article 34-*ter*, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation 11971**"); or

(2) in any other circumstances where an express exemption from the rules on the offering of securities applies, as provided under article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"), and Regulation No. 11971.

Any such 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 must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Decree No. 58, Legislative Decree No. 385 of 1 September 1993, as amended ("**Decree No. 385**") and CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws and regulations;

(b) in compliance with article 129 of Decree No. 385, 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 request 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 requirements imposed by CONSOB or any other competent authority in the Republic of Italy.

General

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisations

The creation and the issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 29 September 2009.

Listing and admission to trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Expenses related to admission to trading

The total expenses related to admission to trading are estimated at €16,000 in listing and listing agent's fees.

Clearing of the Notes

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 the Notes are as follows:

ISIN:	XS0456541506
Common Code:	045654150

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brusssels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Litigation

Save as disclosed in this Prospectus, neither the Issuer nor any member of the Intesa Sanpaolo Group is or has been involved in any governmental, legal or arbitration proceedings during the 12 months before the date of this Prospectus, which may have, or have in such period had, significant effects on the Issuer's or the Intesa Sanpaolo Group's financial position or profitability, nor is the Issuer aware of any pending or threatened proceedings of such kind.

No significant change and no material adverse change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Intesa Sanpaolo Group since 30 June 2009 (being the date of the most recently published financial information of the Issuer) and no material adverse change in the prospects of the Issuer since 31 December 2008 (being the date of the most recently published audited financial information of the Issuer).

Material contracts

Save as disclosed in this Prospectus, neither the Issuer nor any of its subsidiaries has entered into any material contracts in the last two years outside the ordinary course of the Issuer's business, which could result in the Issuer or any other Intesa Sanpaolo Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders.

Documents on display

For so long as the Notes are outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Issuer and at the specified office of the Fiscal Agent, namely:

(a) the Agency Agreement;

(b) the Deed of Covenant;

(c) the Subscription Agreement; and

(d) the By-laws of the Issuer.

Financial statements available

For so long as the Notes are outstanding, copies and, where appropriate, English translations of the following financial information may be obtained during normal business hours at the registered office of the Issuer and at the specified office of the Fiscal Agent, namely:

(a) the unaudited consolidated semi-annual financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30 June 2009;

(b) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2008; and

(c) the audited consolidated annual financial statements of the Banca Intesa Group as at and for the year ended 31 December 2007.

Auditors

The auditors of the Issuer are Reconta Ernst & Young S.p.A. who are registered under No. 2 on the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No. 58 of 24 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 27 January 1992.

Reconta Ernst & Young S.p.A. has audited the Issuer's consolidated financial statements, without qualification, in accordance with generally accepted auditing standards in Italy as at and for the years ended 31 December 2008 and 2007.

Declaration of the officer responsible for preparing the Issuer's financial reports

The officer responsible for preparing the Issuer's financial reports, Ernesto Riva, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance[1], that the accounting information contained in this Prospectus corresponds to the document results, books and accounting records.

Potential conflicts of interest

Save for the commissions payable to the Joint Lead Managers, there are no interests, conflicting or otherwise, of natural and legal persons involved in the issue of the Notes that are material to the issue of the Notes.

1 Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

Legend

The Notes and any Coupons 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."

THE ISSUER

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Italy

FISCAL AGENT

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United Kingdom

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To the Issuer as to Italian Law

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To the Joint Lead Managers as to English and Italian law

Clifford Chance Studio Legale Associato

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20121 Milan

Italy

To the Issuer as to Italian tax law

Vitali Romagnoli Piccardi e Associati

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20122 Milan

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AUDITORS TO THE ISSUER

Reconta Ernst & Young S.p.A.

Via della Chiusa, 2

20123 Milan

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LISTING AGENT

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L-1724 Luxembourg

Grand Duchy of Luxembourg