

**SUPPLEMENT DATED 23 MAY 2013**  
**TO THE BASE PROSPECTUS DATED 21 NOVEMBER 2012**



**Intesa Sanpaolo S.p.A.**

*(incorporated as a joint stock company under the laws of the Republic of Italy)*

**€20,000,000,000.00 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme**  
***unsecured and unconditionally and irrevocably guaranteed as to payments of interest and principal by***

**ISP CB Ipotecario S.r.l.**

*(incorporated as a limited liability company under the laws of the Republic of Italy)*

**IN ACCORDANCE WITH ARTICLE 7, PARAGRAPH 7, OF THE LUXEMBOURG LAW (AS DEFINED BELOW), THE *COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER* ASSUMES NO RESPONSIBILITY AS TO THE ECONOMICAL AND FINANCIAL SOUNDNESS OF THE TRANSACTION AND THE QUALITY OR SOLVENCY OF THE ISSUER.**

This supplement (the **Supplement**) constitutes a Supplement to the Base Prospectus dated 21 November 2012, as supplemented on 28 December 2012 (the **Base Prospectus**) for the purposes of Article 16 of Directive 2003/71/EC (the **Prospectus Directive**) and Article 13, paragraph 1, of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005 (the **Luxembourg Law**).

This Supplement constitutes a Supplement to, and should be read in conjunction with, the Base Prospectus.

Capitalized terms used in this Supplement and not otherwise defined herein, shall have the same meaning ascribed to them in the Base Prospectus.

Each of the Issuer and the Covered Bond Guarantor accepts responsibility for the information contained in this Supplement, with respect to those sections which already fall under the responsibility of each of them under the Base Prospectus and which are supplemented by means of this Supplement. To the best of the knowledge of the Issuer and the Covered Bond Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purposes of the Base Prospectus Directive and Luxembourg Law, as a supplement issued in compliance with the Base Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of updating the following sections of the Base Prospectus: (i) "*Documents incorporated by reference*", (ii) "*General description of the Programme*", (iii) "*Description of the Issuer*", (iv) "*Description of the Covered Bond Guarantor*", (v) "*Accounts and Cash Flows*", (vi) "*Description of the Transaction Documents*", (vii) "*Terms and Conditions of the Covered Bonds*", (viii) "*General Information*" and (ix) "*Glossary*".

In accordance with Article 16, paragraph 2, of the Prospectus Directive and Article 13, paragraph 2, of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable on the date falling two working days after the publication of this Supplement (being 27 May 2013), to withdraw their acceptances.

Save as disclosed in this Supplement, there has been no other significant new factor and there are no material mistakes or inaccuracies relating to information included in the Base Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme since the publication of the Base Prospectus. To the extent that there is any inconsistency between (i) any statement in this Supplement and (ii) any statement in or incorporated by reference into the Base Prospectus, the statements in this Supplement will prevail.

Copies of this Supplement and all documents incorporated by reference in this Supplement and in the Base Prospectus may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent and of the Representative of the Covered Bondholders.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

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## DOCUMENTS INCORPORATED BY REFERENCE

Under section "*Documents incorporated by reference*", on page 6 of the Base Prospectus, the following items are included at the end of the first paragraph, after item (l) thereof (and the dot at the end of item (l) shall be substituted by a semi-colon):

"(m) the Issuer's audited consolidated annual financial statements in respect of the year ended on and as at 31 December 2012;

(n) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on and as at 31 December 2012;

(o) the Auditors' Report in respect of the Covered Bond Guarantor's annual financial statements for the year ended on 31 December 2012."

Under section "*Documents incorporated by reference*", on page 6 of the Base Prospectus, the two paragraphs after the list of documents are substituted by the following:

"Such documents shall be incorporated by reference into, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference into this Base Prospectus may be obtained from the registered office of the Issuer or, for the audited consolidated annual financial statements of the Issuer as at and for the years ended on 31 December 2010, 31 December 2011 and 31 December 2012 and the auditor's report for the Issuer for the financial year ended on 31 December 2010, 31 December 2011 and 31 December 2012 on the Issuer's website ([http://www.group.intesasanpaolo.com/scriptIsir0/si09/investor\\_relations/eng\\_bilanci\\_relazioni.jsp](http://www.group.intesasanpaolo.com/scriptIsir0/si09/investor_relations/eng_bilanci_relazioni.jsp)). This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (<http://www.bourse.lu>).

The audited consolidated financial statements referred to above, together with the audit reports thereon, are available both in the original Italian language and in English language. The English language versions represent a direct translation from the Italian language documents. The Issuer and the Covered Bond Guarantor, as relevant, are responsible for the English translations of the financial reports incorporated by reference in this Base Prospectus and declare that such is an accurate and not misleading translation in all material respects of the Italian language version of the Issuer's and Covered Bond Guarantor's financial reports (as applicable)."

\* \* \*

Under the "Cross-reference List" paragraph, on page 9 of the Base Prospectus, the following table is included after the table headed "Intesa Sanpaolo half-yearly report as at and for the six months ended 30 June 2012":

**"Audited Annual consolidated financial statements of the Issuer for the year ended and as at 31 December 2012**

Consolidated Income Statement	Page 154
Statement of consolidated comprehensive income	Page 155
Changes in consolidated shareholders' equity	Page 156
Consolidated Statement of Cash Flow	Page 157
Notes to the Consolidated Financial Statements	Pages 161-410
Independent Auditors' Report	Pages 413-416
"	

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Under the "Cross-reference List" paragraph, on page 9 of the Base Prospectus, the following table is included after the table headed " Covered Bond Guarantor half-yearly report as at and for the six months ended 30 June 2012":

**"Audited Annual financial statements of the Covered Bond Guarantor for the year ended and as at 31 December 2012**

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Statement of Financial Position	25-26
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Statement of comprehensive income	28
Statements of changes in equity	29
Statement of Cash Flows	30
Explanatory Notes	31-62
Independent Auditors' Report	Separate Document
"	

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The four paragraphs at the end of the "Cross-reference List" paragraph, on pages 9 and 10 of the Base Prospectus, are substituted by the following:

" The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004.

The consolidated financial statements of the Issuer as at and for the years ended on 31 December 2010 and 31 December 2011 have been audited, without qualification in accordance with auditing standards and procedures recommended by the *Commissione Nazionale per le Società e la Borsa* (CONSOB), and the interim condensed financial statements of the Issuer in respect of the half-year 2011 have been reviewed by Reconta Ernst and Young S.p.A., in their capacity as independent auditors of the Issuer, as indicated in their reports thereon, while the interim condensed financial statements of the Issuer in respect of the half-year 2012 have been reviewed by KPMG S.p.A., in their capacity as independent auditors of the Issuer, as indicated in their report thereon. The consolidated financial statements of the Issuer as at and for the year ended on and as at 31 December 2012 have been audited by KPMG S.p.A., in their capacity as independent auditors of the Issuer, as indicated in their reports thereon.

The financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2010 and 31 December 2011 have been audited and the interim condensed financial statements of the Covered Bond Guarantor in respect of the half-year 2011 and 2012 have been reviewed by Reconta Ernst and Young S.p.A., in their capacity as independent auditors of the Covered Bond Guarantor, as indicated in their reports thereon. The financial statements of the Covered Bond Guarantor as at and for the year ended on 31 December 2012 have been audited by Reconta Ernst and Young S.p.A., in their capacity as independent auditors of the Covered Bond Guarantor, as indicated in their reports thereon.

The financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union under Regulation (EC) 1606/2002."

## GENERAL DESCRIPTION OF THE PROGRAMME

Item (iv) under paragraph "*Pre-Issuer Default Interest Priority of Payments*" under section "3. *Covered Bond Guarantee*" on page 62 of the Base Prospectus is replaced by the following:

"(iv) *fourth, pari passu and pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payments, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period, in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;"

Item (iii) under paragraph "*Post-Issuer Default Priority of Payments*" under section "3. *Covered Bond Guarantee*" on page 64 of the Base Prospectus is replaced by the following:

"(iii) *third, pari passu and pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any interest amount due and payable on each Series of Covered Bonds on each CB Payment Date falling on such Guarantor Payment Date or to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period (except if the relevant CB Payment Date falls on the first day of such immediately following Guarantor Interest Period), in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;"

Item (iii) under paragraph "*Post-Guarantor Default Priority of Payments*" under section "3. *Covered Bond Guarantee*" on page 65 of the Base Prospectus is replaced by the following:

"(iii) *third, pari passu and pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount, other than in respect of principal, due and payable on each Series of Covered Bonds;"

Item (iv) under paragraph "*Post-Guarantor Default Priority of Payments*" under section "3. *Covered Bond Guarantee*" on page 65 of the Base Prospectus is replaced by the following:

"(iv) *fourth, pari passu and pro rata* according to the respective amounts thereof, (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount in respect of principal due and payable under each Series of Covered Bonds on such Guarantor Payment Date;"

\* \* \*

The paragraph "*Swap Agreements*" under section "5. *The Transaction Documents*" on page 74 of the Base Prospectus is replaced by the following:

**Swap Agreements** The Covered Bond Guarantor may enter into one or more swap transactions (each a **Swap Transaction**) with Hedging Counterparties in order to hedge certain risks. Each Swap Transaction with a Hedging Counterparty will be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by the International Swap and Derivatives Association, Inc. (**ISDA**), the Schedule thereto (the **Master**

**Agreement**) as supplemented by a 1995 Credit Support Annex (English Law) published by ISDA (the **CSA**) entered into with that Hedging Counterparty and a confirmation (the **Swap Confirmation**) evidencing the terms of such transaction, all governed by English law (the Master Agreement, the CSA and the Swap Confirmations, together the **Swap Agreement**).

The Swap Agreements are governed by English law.

## DESCRIPTION OF THE ISSUER

The paragraph entitled "Share Capital" on page 76 of the Base Prospectus is replaced by the following:

### "Share Capital

As at 31 December 2012, Intesa Sanpaolo's issued and paid-up share capital amounted to €8,545,681,412.32, divided into 16,434,002,716 shares with a nominal value of €0.52 each, in turn comprising 15,501,512,155 ordinary shares and 932,490,561 non-convertible savings shares."

\* \* \*

The paragraph entitled "Organisational Structure" on page 76 of the Base Prospectus is replaced by the following:

### "Organisational Structure



Banca IMI	Intesa Sanpaolo	Banca Intesa	Banca Fideuram
IMI Investimenti	Banca CR Firenze	Banca Intesa Beograd	Eurizon Capital
Intesa Sanpaolo Bank Ireland	Banca dell'Adriatico	Bank of Alexandria	
Société Européenne de Banque	Banca di Credito Sardo	Banka Koper	
	Banca di Trento e Bolzano	CIB Bank	
	Banca Monte Parma	Intesa Sanpaolo Bank Albania	
	Banco di Napoli	Intesa Sanpaolo Bank Romania	
	Cassa dei Risparmi di Forlì e della Romagna	Intesa Sanpaolo Banka Bosna i Hercegovina	
	Cassa di Risparmio del Friuli Venezia Giulia	Pravex-Bank	
	Cassa di Risparmio del Veneto	Privredna Banka Zagreb	
	Cassa di Risparmio di Venezia	VUB Banka	
	Cassa di Risparmio in Bologna		
	<hr/>		
	Banca Prossima		



Intesa Sanpaolo Assicura  
Intesa Sanpaolo Personal  
Finance  
Intesa Sanpaolo Previdenza  
Intesa Sanpaolo Private  
Banking  
Intesa Sanpaolo Vita  
Leasint  
Mediocredito Italiano  
Mediofactoring  
Setefi  
Sirefid

*(1) Domestic commercial banking*

The Intesa Sanpaolo Group is an Italian and European banking and financial services leader, offering a wide range of banking, financial and related services throughout Italy and internationally, with a focus on Central-Eastern Europe and the Middle East and North Africa. Intesa Sanpaolo activities include deposit-taking, lending, asset management, securities trading, investment banking, trade finance, corporate finance, leasing, factoring and the distribution of life insurance and other insurance products.

The Intesa Sanpaolo Group operates through five business units:

- **Banca dei Territori** – this division includes Italian subsidiary banks. It is based on a model that supports and enhances regional brands, upgrades local commercial positioning and strengthens relations with individuals, small businesses, small and medium enterprises, mid corporates and non-profit entities. Private banking, bancassurance, leasing, factoring and industrial credit are also part of this Division.
- **Corporate and Investment Banking** – this division supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions both nationally and internationally. The division acts as a "global partner", with an in-depth knowledge of corporate strategies and a complete range of services. Its main activities include M&A, structured finance and capital markets carried out through Banca IMI as well as merchant banking. The division is present in 30 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking. The division operates in the public finance sector as a global partner for public administration, public utilities and the execution of infrastructure.
- **International Subsidiary Banks** – this division includes the following retail and commercial subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa in the Russian Federation, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Banca Koper in Slovenia and Pravex-Bank in Ukraine.
- **Eurizon Capital** – this company is the leading asset manager in Italy with approximately 150 billion euro of assets under management (data as of 31 March 2013).

- **Banca Fideuram** – this company is the leader in Italy in the sector of financial advisors with 5,120 private bankers and 97 domestic branches.

In addition, Intesa Sanpaolo Group Services S.C.P.A., a fully subsidiary consortium, provides the companies of the Group with certain services including IT and back-office. Further to a transfer of business from Intesa Sanpaolo to ISGS entered into on 1 October 2012, Intesa Sanpaolo transferred to ISGS, effective from that date, also the business relating to certain loan recovery activities. As a consequence thereof, from the date above mentioned, ISGS is carrying out certain loan recovery activities relating to the Defaulted Assets which were originally carried out by Intesa Sanpaolo, in its role as Special Servicer in the context of the Programme."

\* \* \*

The paragraph entitled "Intesa Sanpaolo in the first half-year 2012" on page 77 of the Base Prospectus is replaced by the following:

### **"Intesa Sanpaolo in 2012**

On 20 February 2012, Intesa Sanpaolo finalised the buy-back of its subordinated notes for a total nominal value of 1,226 million euro. The transaction involved innovative and non-innovative Tier 1 capital instruments placed through public transactions. As a result of the buy-back, regulatory Core Tier 1 Capital was increased by virtue of the capital gain deriving from the purchase of the notes at a price lower than their nominal value. The transaction was also aimed at optimising the structure of regulatory capital through the repurchase of instruments which – pursuant to the Capital Requirements Directive (CRD IV) approved by the European Commission – will be subject to grandfathering and, thus, progressively excluded from additional tier 1 capital. The Intesa Sanpaolo Group income statement for the year ended on 31 December 2012 recorded a gain, inclusive of the positive impact of the unwinding of interest rate derivatives, of 274 million euro (183 million euro net of taxes).

The above transaction was followed, in the month of July, by a purchase offer addressed to the holders of specific subordinated and senior notes issued or guaranteed by Intesa Sanpaolo. This enabled the Group to optimise the structure of its regulatory capital by increasing its Core Tier 1 Capital, as a result of the capital gain arising from the purchase of the notes tendered at prices below par and, at the same time, it gave holders the possibility of disposing of their investment at prices higher than the market prices recorded during the period prior to announcement of the invitation.

The transaction was settled on 2 August, 2012 for a total of 1,148 million euro in subordinated notes (corresponding to a total purchase price of approximately 1 billion euro) and 507 million euro in senior notes (corresponding to a total purchase price of approximately 500 million euro). Subsequent to this second transaction, the net income of the Intesa Sanpaolo Group recorded a gain, inclusive of the positive impact of the unwinding of interest rate derivatives, of 327 million euro (219 million euro net of taxes).

Lastly, in November 2012, the exchange of the Group's own circulating subordinated lower tier 2 notes with newly issued senior notes was finalised. The transaction was settled at a total nominal value accepted for exchange equal to about 2,168 million euro. The newly issued note is a senior bond whose maturity date is 9 November 2017, which pays interest at a fixed rate of 4 per cent. per year. As a result of the finalisation of this exchange, the Group's consolidated income statement for the year ended 31 December 2012 recorded a gain, inclusive of the positive impact of the unwinding of interest rate derivatives, of 110 million euro (74 million euro net of taxes).

In March 2012, the sale without recourse of a doubtful loan portfolio totalling – gross of net adjustments – approximately 1,640 million euro was carried out, for a sale price equal to the book value net of adjustments, i.e., approximately 270 million euro.

In May 2012, Intesa Sanpaolo completed the sale of approximately 14.5 million ordinary shares held in the London Stock Exchange Group, corresponding to approximately 5.4 per cent of the Company's share capital, at a price of 9.60 pounds per ordinary share, through placement with qualified institutional investors. The total value was approximately 172 million euro, providing Intesa Sanpaolo with a positive contribution in terms of consolidated net income of approximately 105 million euro. The shares sold constituted Intesa Sanpaolo's entire stake in the London Stock Exchange.

On 26 June 2012, Intesa Sanpaolo implemented its ordinary share buy-back programme to serve a free assignment plan reserved to its employees, authorised by the Shareholders' Meeting of 28 May 2012. The buy-back programme was executed in just one day: the Intesa Sanpaolo Group purchased a total of 12,894,692 Intesa Sanpaolo ordinary shares (representing approximately 0.08 per cent. of the ordinary share capital) at an average purchase price of 0.97969 euro per share, for a total value of 12,632,743 euro.

At the end of the first half of 2012, the Intesa Sanpaolo Group launched a brand reorganisation strategy aimed at completing the organisational model of Banca dei Territori. This includes rationalisation of the Group's brands present in the Umbria region, creating a single regional bank named Casse di Risparmio dell'Umbria and directly controlled by Banca CR Firenze. The Bank was created through a merger by incorporation of Cassa di Risparmio Città di Castello, Cassa di Risparmio di Foligno and Cassa di Risparmio di Terni e Narni into Cassa di Risparmio di Spoleto, which has taken on the new name. The Umbrian branches of Banca CR Firenze and Intesa Sanpaolo were subsequently transferred to Casse di Risparmio dell'Umbria through, respectively, a non-proportional spin-off of a business line of Banca CR Firenze, comprising 17 branches, and the contribution by Intesa Sanpaolo of a business line comprising 10 branches. The share capital of the new bank includes both ordinary and preferred shares. The Bank is a 96 per cent held subsidiary of Banca CR Firenze; the remaining shares are mainly held by minority shareholders, formerly shareholders of Cassa di Risparmio di Foligno and Cassa di Risparmio di Spoleto. The transaction aims to rationalise the local organisational structure and improve business effectiveness.

In light of the downgrading of the Italian Republic and of Intesa Sanpaolo, the Group has decided to rationalise its securitisation transactions and its covered bond issues. In June 2012, Intesa Sanpaolo offered the holders of covered bonds ("**CB**") guaranteed by ISP CB Pubblico S.r.l. ("**ISP CB Pubblico**") the opportunity to exchange their bonds with new ones guaranteed by ISP CB Ipotecario S.r.l. ("**ISP CB Ipotecario**"), which had a higher rating. In particular:

- the 2 billion Euro issue (yield 3.2 per cent. and maturity 28 April 2017), guaranteed by ISP CB Pubblico, was exchanged with a new issue guaranteed by ISP CB Ipotecario, with the same yield and maturity date. The exchange price was 100. The trade, concluded in early July, resulted in the issue of 1.8 billion Euro in new securities; and
- the 1.5 billion euro issue (yield 5 per cent. and maturity 27 January 2021), guaranteed by ISP CB Pubblico, was exchanged with a new issue guaranteed by ISP CB Ipotecario, with the same yield and maturity date. The exchange price was 100. The trade, concluded in early July, resulted in the issue of 1.3 billion Euro in new securities.

At the beginning of July 2012, Intesa Sanpaolo's Management Board decided to proceed with the full demerger of Banca Infrastrutture Innovazione e Sviluppo S.p.A. (“**BIIS**”) to Intesa Sanpaolo S.p.A. (credit, commercial and advisory services) and Leasint S.p.A. (leasing activities previously carried out by BIIS in favour of Public Administration). More specifically, BIIS' Client Relationships Department was integrated into the Corporate and Investment Banking Division (CIB Division) through creation of the Public Finance Department and it continues to provide financing to infrastructure projects and to the public sector. This decision follows the placement of BIIS under the CIB division, aiming to pool their respective skills and hence achieve rationalisation and simplification in line with the changing economic scenarios. This transaction, which has had no impact at the consolidated financial statement level and which was neutral from the tax viewpoint, was completed on 1 December, with retroactive accounting and tax effects as at 1 January 2012. As a result of the demerger, ISP has become a successor to BIIS in its respective roles and capacities in the context of the Programme and has become vested with all the authority, rights, powers, duties and obligations and limitations of rights provided for the respective original roles and capacities held by BIIS in the context of the Programme.

An issue of covered bonds (*Obbligazioni Bancarie Garantite – OBG*) for 1 billion euro was placed on the Euromarket in September, also aimed at international markets and at optimising treasury management. The issue consists of 7-year, fixed-rate covered bonds under the 20 billion euro Issue Programme, mostly backed by residential and commercial mortgage loans assigned by Intesa Sanpaolo. (Programme guaranteed by ISP CB Ipotecario S.r.l.). Demand, of which 77 per cent from international institutional investors, was 3.5 billion euro (3.5 times the target of 1 billion euro). Considering its 99.372 offer price, the yield to maturity is 3.854 per cent per annum. The total spread for the investor is equal to the mid swap rate + 245 basis points.

In November, Intesa Sanpaolo launched an issue of Covered Bonds (*Obbligazioni Bancarie Garantite – OBG*) on the Euromarket in the amount of 1.25 billion euro, targeted at professional investors and international financial intermediaries. The issue consists of ten-year, fixed-rate covered bonds under the 20 billion euro Issue Programme, mostly backed by residential and commercial mortgage loans assigned by Intesa Sanpaolo (Programme guaranteed by ISP CB Ipotecario S.r.l.). Demand, about 83 per cent of which came from international institutional investors, exceeded 5 billion euro (more than 4 times the target of 1.25 billion euro). Yield to maturity is 3.743 per cent per annum.

All of the above issues are listed on the Luxembourg Stock Exchange as well as traded over-the-counter.

During 2012 the funding transactions finalised on the unsecured institutional market totalled some 9.2 billion euro including senior bonds placed on the Euromarket and financing by institutional investors, in addition to the two above-mentioned covered bond transactions which together are worth 2.25 billion euro. Medium-long term funding collected was well above the maturities of the whole year (which amounted to 22 billion euro), reaching about 27 billion euro of bonds placed, about 15 billion of which in the retail segment.

Intesa Sanpaolo and the trade unions had signed an agreement on 29 July 2011 to implement the Group's reorganisation as envisaged by the Business Plan 2011 – 2013/15 and the consequent downsizing of staff by at least 3,000. On expiry of the relative terms, approximately 5,000 people had accepted the agreement. However, the reform of the pension system introduced by Law Decree no. 201 of 2011, converted into Law no. 214 of 2011, significantly modified the regulatory framework. To meet the costs of the staff downsizing plan, a total allocation of

approximately 700 million euro had already been included in the 2011 financial statements, discounted and before taxes.

The Ministerial Decree of June 2012 established the number of protected individuals, a number that was increased by subsequent regulatory measures.

A new Group trade union agreement was stipulated in July 2012 (“assessment report” on the prior agreement of July 2011), confirming the decision to allow individuals requesting to leave employment to do so, through use of the solidarity allowance, in cases permitted by the relevant regulations, or recourse to rehiring or continuation in employment until the sixtieth month prior to reaching pension entitlements or via other methods to be identified.

In substance, this agreement confirmed the exit of the approximately 5,000 employees envisaged by the previous agreement of July 2011 with different timing and methods and placed higher costs on the Group's companies, arising from the longer stay of the early retirees in the solidarity allowance .

Indeed, as stated by the Italian Social Security Agency – INPS in its Circular of December 2012, the Decree of the Ministry of Labour of 1 June 2012 provided, at the same time, that workers who under collective agreements signed by 4 December 2011 were entitled to access solidarity allowance and reach pension entitlement after 31 December 2011, remain covered by the solidarity allowance at least up to their 62<sup>nd</sup> birthday, even if they reach the pension entitlements before such age, under the rules existing prior to the entry into force of Law Decree no. 201 of 2011. To meet this requirement, the solidarity allowance’s management boards can resolve extension of the issue of the extraordinary benefit also beyond the time limit for the worker’s permanence in the solidarity allowance under the applicable sectoral regulations. However, the costs of such extension are to be borne by the companies which signed the early retirement agreements.

The overall cost to the Group for implementing the agreement of 29 July 2011, is 856 million euro. Since as at 31 December 2012, before deducting payments made during the year and the effects of discounting the dedicated solidarity allowance had a balance of 726 million euro, the income statement for the year required an additional provision of 130 million euro (which came to 89 million euro net of discounting and taxes). In view of the above-mentioned supplemental provision, the payments already made and recalculation of the discount, the dedicated fund has a balance sheet value of 705 million euro, while the overall income statement effect was of 139 million euro.

At the beginning of October 2012, the European Banking Authority (“EBA”) and the Bank of Italy announced the period’s results in terms of capital and fulfilment of the EBA recommendation issued in December 2011, regarding the figures as at 30 June 2012. Intesa Sanpaolo recorded a Core Tier 1 capital ratio of 10.1 per cent, taking into account the sovereign buffer as defined by the EBA recommendation of December 2011, easily surpassing the minimum established requirement of 9 per cent.

This recommendation was issued in order to handle the difficult situation in the European Union’s banking system, particularly with regard to exposure to sovereign risk, and to restore stability on the markets. The recommendation required banks included in the sample used for the exercise to strengthen their capital, creating a temporary and extraordinary buffer able to bring the Core Tier 1 ratio to at least 9 per cent by the end of June 2012.

At the end of October, the Extraordinary Shareholders’ Meeting of Intesa Sanpaolo approved several changes to the Articles of Association.

The key changes regarded the structure of the Management Board, the implementation of the regulatory adjustments regarding equal access (in terms of gender) in the administration and control bodies of listed companies, and the prohibition of taking on or exercising offices in competing companies or groups of companies (interlocking prohibition).

In December, Intesa Sanpaolo Vita acquired the full share capital in Bentos Assicurazioni, for a consideration of about 13 million euro. This acquisition, similarly to that of the new 16 company, purchased during the year and merged into Intesa Sanpaolo Provis (the former Intesa Real Estate), aimed at transferring to the Intesa Sanpaolo Group specific assets belonging to the Delta company under extraordinary administration."

\* \* \*

The paragraph entitled "Sovereign risk exposure" on page 79 of the Base Prospectus is replaced by the following:

**" Sovereign risk exposure**

The Intesa Sanpaolo Group has a total of 130 billion euro in exposure to sovereign debtors, of which 104 billion euro is represented by debt securities and 26 billion euro by other loans. In further detail, the exposure to the Italian government came to 114 billion euro as at 31 December 2012, of which 90 billion euro was represented by securities and 24 billion euro by other loans."

\* \* \*

The paragraph entitled "Exposure to Greece" on page 79 of the Base Prospectus is replaced by the following:

**"Exposure to Greece**

The total residual exposure to Greece as at 31 December 2012 amounted to 3 million euro in terms of nominal value, with a book value of 1 million euro, all of which represented by new securities issued by the Greek government and received in implementation of the agreement of 21 February 2012.

In addition the Intesa Sanpaolo Group has exposures to other public entities and private parties residing in Greece with a nominal value of 38 million euro, for which an impairment test was conducted in the annual financial statements for the year ended and as at 31 December 2012. This test showed signs of impairment in the case of an exposure to the National Bank of Greece. ISP Bank Albania, the Group company that holds the exposure, therefore recognised an impairment loss as at 31 December 2012 of approximately 11 million euro of a nominal value of 15 million euro. Consequently, following the above impairment loss, the exposures were carried at 25 million euro (19 million euro among loans and receivables and 6 million euro among financial assets available for sale), with an equal fair value.

Furthermore, loans to Greek counterparties (banks and other customers) have been disbursed for an amount equal to 74 million euro, in addition to margins available on irrevocable credit lines of 33 million euro

The overall impact recognised in the income statement on positions in relation to the Greek government and other Greek public and private parties totalled -39 million euro, of which -40 million euro under "Net adjustments to loans" and +1 million euro under "Profits (Losses) on

trading” and “Income from insurance business.””

."

\* \* \*

The paragraph entitled "Management" on page 80 of the Base Prospectus is replaced by the following:

## "Management

### *Supervisory Board*

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

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities</b>
Giovanni Bazoli	Chairman	Deputy Chairman of La Scuola S.p.A.
Mario Bertolissi	Deputy chairman	Director of Equitalia S.p.A.
Gianfranco Carbonato	Deputy chairman	Chairman and Managing Director of Prima Industrie S.p.A. Chairman of Finn-Power OY (Finland) Chairman of Prima Electro S.p.A. Chairman of Prima Power North America Inc. Director of Prima Power Chine Co. Ltd. Director of Iren S.p.A.
Gianluigi Baccolini	Member	Managing Director of Renografica S.r.l. Chairman of Società Produttori Cementi S.p.A. Managing Director of Velincart S.r.l. Director of My Frances S.r.l. Director of Finreno S.r.l. Chairman of Oner d.o.o. (Serbia)
Francesco Bianchi	Member	Managing Director of H7 S.p.A. Director of H7+ S.r.l.
Rosalba Casiraghi	Member	Chairman of the Board of Statutory Auditors of Non Performing Loans S.p.A. Chairman of the Board of Statutory Auditors of Nuovo Trasporto Viaggiatori S.p.A. Chairman of the Board of Statutory Auditors of Telecom Italia Media S.p.A. Director of Luisa Spagnoli 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 Costruzione Gestione Progettazione - Co.Ge.Pro S.p.A.

Carlo Corradini	Member	Sole Director of Corradini & C. S.r.l. Director of Fine Sounds S.p.A. Director of Sit La Precisa S.p.A. Director of Value Investments S.p.A.
Franco Dalla Sega	Member	Chairman of Mittel S.p.A. Director of RCS Mediagroup S.p.A.
Piergiuseppe Dolcini	Member	Chairman of Hera Luce S.r.l. Director of Sinloc S.p.A. Director of Hera S.p.A.
Jean Paul Fitoussi	Member	Director of Telecom Italia S.p.A. Director of Pirelli S.p.A.
Edoardo Gaffeo	Member	
Pietro Garibaldi	Member	
Rossella Locatelli	Member	Member of Supervisory Committee of Darma Sgr <i>in compulsory liquidation</i>
Giulio Stefano Lubatti	Member	Chairman of the Board of the Statutory Auditors of Banco di Napoli S.p.A. Chairman of the Board of the Statutory Auditors of Eurizon Capital SGR S.p.A.
Marco Mangiagalli	Member	Director of Autogrill S.p.A. Director of Luxottica Group S.p.A.
Iacopo Mazzei	Member	Chairman of Tornabuoni S.r.l. Chairman and Managing Director of R.D.M. Asia Chairman and Managing Director of R.D.M. S.r.l. Chairman of CUGIMI S.p.A. Managing Director of Residenziale Immobiliare 2004 S.r.l. Director of Silk Road Inv. Director of ADF Aeroporto di Firenze S.p.A.
Beatrice Ramasco	Member	Chairman of the Board of the Statutory Auditors of Fiat Sepin S.c.p.a. Chairman of the Board of the Statutory Auditors of Iveco Acentro S.p.A. Chairman of the Board of the Statutory Auditors of Astra Veicoli Industriali S.p.A. Chairman of the Board of the Statutory Auditors of SADI S.p.A. Chairman of the Board of the Statutory Auditors of Iveco Partecipazioni Finanziarie S.r.l. Chairman of the Board of the Statutory Auditors of Fiat Gestione Partecipazioni S.p.A. Chairman of the Board of the Statutory Auditors of IN.TE.S.A. S.p.A. Member of the Board of the Statutory Auditors of Tyco Electronics AMP Italia Products S.p.A. Member of the Board of the Statutory Auditors of



Tyco Electronics Italia Holding S.r.l.  
 Member of the Board of the Statutory Auditors of Tekno Farma S.p.A.  
 Member of the Board of the Statutory Auditors of S.I. Express S.r.l.  
 Member of the Board of the Statutory Auditors of SEDES Sapientiae S.r.l.  
 Member of the Board of the Statutory Auditors of IBM Italia S.p.A.  
 Member of the Board of the Statutory Auditors of FPT Industrial S.p.A.  
 Member of the Board of the Statutory Auditors of Comau S.p.A.  
 Member of the Board of the Statutory Auditors of IBM Servizi finanziari S.p.a. - unico azionista  
 Official receiver of GIDIBI S.r.l. *in liquidazione*  
 Official receiver of Mangiando e Bevendo S.a.s. *in liquidazione*  
 Official receiver of Cascina Gorino S.s. *in liquidazione*

Marcella Sarale Member

Monica Schiraldi Member Managing Director of Car City Club S.r.l.  
 Managing Director of Ca.Nova S.p.A.  
 Director of Extra.To S.c.a.r.l.

### ***Management Board***

The composition of the Management Board of Intesa Sanpaolo is as set out below.

<b>Director</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities</b>
Gian Maria Gros-Pietro <sup>(a)</sup>	Chairman	Chairman of the Board of Directors of ASTM S.p.A. Director of Caltagirone S.p.A. Director of Edison S.p.A. Director of Fiat S.p.A.
Marcello Sala <sup>(b)</sup>	Senior Deputy Chairperson	Director of Bank of Alexandria S.A.E.
Giovanni Costa <sup>(b)</sup>	Deputy Chairperson	Director of Edizione S.r.l. Chairman of C.R. Veneto S.p.A.
Enrico Tommaso Cucchiani <sup>(b)</sup>	Managing Director and Chief Executive Officer	
Carlo Messina <sup>(c)</sup>	Member	Director of Banca IMI S.p.A. Board Member of A.B.I. Director of Fondo Interbancario di Tutela dei

<b>Director</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities</b>
		Depositi
Gaetano Micciché <sup>(c)</sup>	Member	Managing Director of Banca IMI S.p.A. Director of Telecom Italia S.p.A. Board Member of A.B.I. Director of Alitalia - Compagnia Aerea Italiana S.p.A. Director of Prada S.p.A. Member of Comitato Scientifico del Politecnico di Milano
Bruno Picca <sup>(c)</sup>	Member	Director and member of the Executive Committee of Fondo Interbancario di Tutela dei Depositi Chairman of the Board of Statutory Auditors of Cassa di Previdenza Intesa Sanpaolo Director of Intesa Sanpaolo Group Services S.C.P.A .
Giuseppe Morbidelli <sup>(d)</sup>	Member	Chairman of the Board of Directors of C.R. Firenze S.p.A.
Carla Ferrari <sup>(d)</sup>	Member	Managing Director of Equiter S.p.A. Member of the Advisory Board of Ambienta SGR S.p.A. Director of IREN S.p.A.
Piera Filippi <sup>(a)</sup>	Member	Director of Monte del Matrimonio Ente Morale Director of DECAR S.p.A.

(a) Non-executive, independent in accordance with Art. 148 of the Financial Law

(b) Executive

(c) Manager, executive

(d) Non-executive

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

### ***Conflicts of interest***

None of the functions performed by any of the Board Members mentioned above results in a conflict of interest, except for any competition in the national and/or international banking system in the ordinary course of business arising from the activities performed by them outside Intesa Sanpaolo, as set out in the tables above under the heading "*Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities*".

\* \* \*

The paragraph entitled "Principal Shareholders" on page 83 of the Base Prospectus is replaced by the following:

## "Principal Shareholders

As at 23 April 2013, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 2 per cent.).

<b>Shareholders</b>	<b>Ordinary Shares</b>	<b>% of ordinary shares</b>
Compagnia di San Paolo.....	1,506,372,075	9.718%
Fondazione Cariplo .....	767,029,267	4.948%
Fondazione C.R. Padova e Rovigo.....	700,092,011	4.516%
Ente C.R. Firenze.....	514,655,221	3.320%
Assicurazioni Generali S.p.A.....	419,521,753	2.706%
Harbor International Fund .....	333,018,195	2.148%
Fondazione C.R. in Bologna.....	313,656,442	2.023%

\* \* \*

The paragraph entitled "Legal Risks" starting on page 83 of the Base Prospectus is replaced by the following:

### "Legal Risks

Legal risks are thoroughly and individually analysed by both the Intesa Sanpaolo and the individual Intesa Sanpaolo Group companies concerned. Provisions are made to the allowances for risks and charges when there are legal obligations that are likely to result in a financial outlay and where the amount of the disbursement may be reliably estimated.

The issues recording certain developments during the 2012 financial year are described below.

#### *Litigation regarding compound interest*

With regards to the dispute relating to compound interest in particular, after March 1999, the Italian Supreme Court (*Corte di Cassazione*) reversed its stance and found the quarterly capitalisation of interim interest payable on current accounts to be unlawful, on the grounds that the relevant clauses in bank contracts do not integrate the contract with a "regulatory" standard practice, but merely with a "commercial" practice, and therefore such clauses are not adequate to derogate from the prohibition of compound interest pursuant to Art. 1283 of the Italian Civil Code.

The subsequent Legislative Decree no. 342 of 1999 confirmed the legitimacy of interim capitalisation of interest on current accounts, as long as interest is calculated with the same frequency on deposits and loans. From April 2000 (the date on which this regulation came into effect), quarterly capitalisation of both interest income and expense was applied to all current accounts.

Therefore the dispute on this issue concerns only those contracts which were stipulated before the indicated date.

In the judgment no. 24418 handed down by its Joint Divisions (*Sezioni unite*) on 2 December 2010, the Supreme Court (*Corte di Cassazione*) again made its voice heard on the matter, finding any form of capitalisation of interest to be unlawful and further ruling that the ten-year term of prescription applicable to account-holders' entitlement to reimbursement of unduly paid interest begins to run on the date the account is closed, if the account had an overdraft facility and the facility's limit was respected, or on the date on which deposits were made to cover part or all of previous interest debits if the account was drawn beyond such limits or did not have an overdraft facility.

Although the application of such principles is limited to contracts entered into prior to 2000, it is not deemed possible to prepare a general, a *priori* estimate of the impact that this judgment may have on ongoing litigation, given that a case-by-case assessment is instead required.

With Law Decree no. 225 of 29 December 2010, enacted, with amendments, pursuant to Law no. 10 of 2011, the legislator set forth an official interpretation, establishing that the term of prescription of rights arising from account entries begins to run on the date of the entry itself and thus, for compound interest, on the date of each individual account debit.

The constitutionality of this regulation was subsequently challenged. The Constitutional Court ruling of 2 April 2012 accepted the exception, repealing the aforementioned provision. Based on the effective date of the prescription, the legislative principles pronounced by the Joint Divisions (*Sezioni unite*) of the Supreme Court (*Corte di Cassazione*) in 2010 are once again applicable.

These principles have not always been uniformly applied by courts in the first and second instances. However, though with varying effectiveness based on the specific cases, they have contributed to a general decrease in the claims for restitution put forward by account holders.

The overall number of pending cases is at a non insignificant level in absolute terms, and is the subject of constant monitoring. The risks related to these disputes are covered by specific, adequate provisions to the allowances for risks and charges.

### ***Class action by Codacons***

Regarding the Codacons class action, it should be remembered that on 5 January 2010, Codacons, acting on behalf of a single account holder, served Intesa Sanpaolo with a writ of summons for a class-action suit pursuant to art. 140-bis of Legislative Decree no. 206 of 2005 (the “**Consumer Code**”).

The suit, brought before the Court of Turin, seeks a finding that the new fee structure introduced by the bank to replace the overdraft charges is unlawful and, accordingly, a sentence ordering the bank to provide compensation for the alleged damages, which may also be determined on an equitable basis, suffered by the claimant (who has quantified them at 1,250 euro) and all other customers in the same class who elect to participate in the initiative.

On 4 June 2010 the Court of Turin filed an order stating the inadmissibility of such class action. The order was appealed before the Turin Court of Appeal, which in an order filed on 25 October 2010 rejected the appeal. Codacons challenged this last decision by appeal brought before the Supreme Court (*Corte di Cassazione*), which by ruling no. 9772 filed on 14 June 2012 rejected the appeal as inadmissible.

### ***Class action by Altroconsumo***

With reference to the Altroconsumo class action, on 17 November 2010, the association Altroconsumo, acting on behalf of three account holders, served Intesa Sanpaolo with a writ of summons for a class-action suit pursuant to art. 140-bis of the Consumer Code.

The suit originally sought a finding that application of overdraft charges and the new fee for overdrawing accounts without credit facilities in place is unlawful. It also sought an inquiry into whether the "threshold rate" set out in Law no. 108 of 96 (usury) has been exceeded and a judgment combining the restitution of any amounts collected by the bank in excess of that threshold. The claim had been quantified at a total of 456 euro in connection with the three accounts cited in the suit.

By order of 28 April 2010, the Court of Turin declared the suit inadmissible. Following the complaint filed by the plaintiffs, the Turin Court of Appeal, by order of 16 September 2011, overturned the previous order, declaring the suit admissible as limited solely to account overdraft charges applied effective 16 August 2009. Intesa Sanpaolo appealed against this ruling before the Court of Cassation, which is expected to pronounce upon the underlying reasons for the appeal.

In parallel, the class action was re-opened before the Court which by order filed on 15 June 2012 established the advertising terms and methods for the joinder of class action participants, setting the date of the hearing for continuation of the proceedings as 14 March 2013.

As at 28 January 2013, the deadline for submission of applications for joinder, there were only 102 participants. Given the low number of participants and resulting low financial amounts, the potential risk linked to the class action may be deemed immaterial.

With respect to the merits of the dispute, which will be examined only after the aforementioned hearing, it is believed that Intesa Sanpaolo has valid arguments in support of the legitimacy of the account overdraft charge.

### ***Other judicial and administrative proceedings***

The criminal investigation instigated by the New York District Attorney's Office and the Department of Justice aimed at verifying the methods used for the clearing through the United States of payments in dollars to/from countries embargoed by the US government in the years from 2001 to 2008, an update on which has been provided each year in the notes to the consolidated financial statements, was concluded in Intesa Sanpaolo's favour on 19 June 2012.

On 3 April 2012, Intesa Sanpaolo was notified that the Department of Justice had decided to drop the proceedings, having found no sufficient evidence to justify the infliction of any criminal sanctions. A little more than two and a half months later, and for the same reasons, the New York District Attorney's Office decided to close the investigation.

As regards the transactions in question (the handling of bank transfers in dollars through the SWIFT interbank payments service, cleared through US banks), Intesa Sanpaolo remains subject to assessments still in progress by the OFAC (Office of Foreign Assets Control), the authority of the United States Department of the Treasury responsible for foreign exchange control, which could impose a relatively small fine, which is already covered by suitable provisions.

### ***Banca Infrastrutture Innovazione e Sviluppo and Municipality of Taranto litigation***

Banca Infrastrutture Innovazione e Sviluppo ("**BIIS**"), as the successor to Banca OPI, was involved in a case pending before the Court of Taranto brought by the Municipality of Taranto in relation to the subscription in May 2004 by Banca OPI of a 250 million euro bond issued by the Municipality.

In its judgment of 27 April 2009, the Court declared the invalidity of the operation, ordering BIIS to reimburse, with interest, the partial repayments of the loan made by the Municipality of Taranto. The latter was ordered to reimburse, with interest, the loan granted. Lastly, the Court ordered compensation for damages in favour of the Municipality, to be calculated by separate proceedings.

The Municipality and BIIS jointly agreed not to enforce the judgement.

On 20 April 2012 the Court of Appeal, without prejudice to the findings of the separate proceedings regarding the alleged damages, partially reformulated the first instance ruling by ordering that:

- BIIS reimburse the sums paid by the Municipality of Taranto, plus legal interest;
- the Municipality of Taranto reimburse BIIS for the sums disbursed in execution of the bond loan, less amounts already repaid, plus legal interest and currency appreciation corresponding with the difference between the net rate of return on government bonds and the reasonable assessment of legal interest; and
- BIIS reimburse the Municipality for first instance legal costs, compensated against those for the appeal.

Intesa Sanpaolo, which succeeded BIIS in the proceedings following the well-known corporate operations, shall file an appeal against this judgement before the Italian Supreme Court (*Corte di Cassazione*).

In the meantime, the insolvency procedure entity for the Municipality of Taranto informed BIIS that the Municipality's debt to the bank for the repayment of the 250 million euro bond had been added to "the insolvency procedures' list of debts". The fact that the Municipality's debt to BIIS has been included in the insolvency procedure's "list of debts" instead of in the "rebalanced financial statements" does not, in and of itself, have consequences for BIIS's right to repayment of its loan to the Municipality and, accordingly, on the position's risk profile. BIIS nonetheless appealed the judgment before the Regional Administrative Court of Puglia, which found the appeal inadmissible, ruling that the dispute fell within the jurisdiction of the civil courts and establishing – albeit on an incidental basis – that the appealed judgment was devoid of dispositional content and was thus incapable of undermining BIIS's credit claims.

Intesa Sanpaolo and the Municipality have met repeatedly to assess the possibility of an amicable settlement to the pending litigation, however, such settlement could not be reached due to the intervention of the insolvency procedure entity, which claimed its own jurisdiction over managing the debt in question. In order to ascertain the illegitimacy of including Intesa Sanpaolo's receivable in the insolvency procedures' list of debts and the lack of jurisdiction of the extraordinary liquidator, BIIS thus filed an extraordinary appeal to the president of the Republic of Italy, which is still pending.

Intesa Sanpaolo has also initiated additional civil proceedings before the Court of Rome, for a ruling on its lack of liability for damages to the Municipality of Taranto.

These events are also connected to criminal proceedings before the Court of Taranto, against several executives of Banca OPI and Sanpaolo IMI, among others, in which the preliminary hearing judge has ruled that the Municipality of Taranto may file an appearance as civil claimant in the criminal proceedings. The defendants are charged with indirect abuse of office, a crime which is not significant for the purposes of Legislative Decree no. 231 of 2001. In these proceedings BIIS (now Intesa Sanpaolo) has been charged with civil liability. On the remote possibility that Intesa Sanpaolo is sentenced to pay some form of compensation, the amount is expected to be extremely low, given that, in the opinion of Intesa Sanpaolo's legal counsel, the Municipality did not suffer any damages.

### ***Banca Infrastrutture Innovazione e Sviluppo and Piemonte Regional Government litigation***

In November 2006, the Piemonte Regional Government issued two bond loans with bullet repayments for a total of 1,856 million euro, of which 430 million euro in bonds were subscribed by the former Banca OPI, now BIIS (the remainder subscribed by two leading international financial institutions). Under the terms of these issues and in compliance with law, the Regional Government finalised two derivative financial instrument transactions subscribed by the former Banca OPI for a notional amount of 628 million euro, together with the other two lending banks.

At the beginning of 2011, the Regional Government launched verification and comparison proceedings with the banks concerned to assess the financial and legal profiles of the swap transactions. Despite the clarifications provided concerning the technical and regulatory appropriateness of the contracts, the Regional Government subsequently launched self-protection proceedings for revocation of all the administrative documents underlying the derivative contracts (finalised between the Regional Government and the banks), which ended in January 2012 with the cancellation thereof.

The banks appealed against said measure before the Piemonte Regional Administrative Court which, with judgement of 21 December 2012, ruled that it did not have jurisdiction to decide on the matter, recognising the jurisdiction, provided by the contract, of the UK civil courts and thus, in substance, denying the effectiveness of the self-protection measure.

Back in August 2011, the banks petitioned the High Court of Justice of England and Wales to ascertain the validity and correctness of the contracts entered into with the Regional Authorities. The High Court of Justice of England and Wales, which had jurisdiction over the matter, accepted the requests in July 2012.

The most suitable measures to take will be assessed in relation to further developments, considering that to date the Regional Government has not complied with the netting payment of the swap contracts since May 2012, despite the fact that BIIS (now Intesa Sanpaolo) repeatedly demanded such payments.

### ***Litigation regarding investment services***

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

Disputes relating to the Parmalat and Cirio bonds have always remained at modest levels (also as a result of the customer care tools implemented by Intesa Sanpaolo in order to reduce the negative impact on customers) and are now coming to an end.

There is a general decrease in disputes concerning Argentinean bonds, due to a significant reduction in the number of disputes which have arisen over the last few years.

As in other legal risk assessment procedures, provisions to account for a dispute are authorised on an individual basis after reviewing the specific circumstances that apply to particular cases.

The same criteria are applied to the assessment of risk relating to litigation concerning bonds issued by companies belonging to the Lehman Brothers Group. The related dispute, which is limited in extent, is covered by appropriate allowances that reflect the specific nature of each case. The judgments to this point in relation to Intesa Sanpaolo, with the exception of single isolated precedent subject to appeal, have all been favourable to Intesa Sanpaolo.

As part of a system-wide initiative, the Intesa Sanpaolo Group oversaw and secured the establishment of proof of debt in the insolvency procedures pending in various foreign countries for its customers who hold the aforementioned bonds, at no cost to its customers.

Disputes concerning derivatives have remained substantially stable compared to 2011, at insignificant levels. The related risks are constantly monitored and subject to appropriate provisions to allowances for risks and charges.

### ***Cirio Group default***

In November 2002, the Cirio Group defaulted on the repayment of a loan issued on the Euro market. This event led to a cross default on all its existing issues. In April 2007, ten 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 6 bond issues; 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, in the event that the default of Cirio Group companies was not postponed in time; and
- the payment of fees of 9.8 million euro for the placement of the various bond issues.

In a judgment filed on 3 November 2009, the Court of Rome found the Cirio Group's claims to be unfounded on the merits and therefore rejected said claims on the grounds of a lack of a causal relationship between the actions of the banks named defendants in the suit and the claimed damage event.

The claimants appealed this judgment, proposing in that venue a stay of enforcement of the judgment to pay legal fees, firstly, and said petition was accepted by the Rome Court of Appeals. The lawsuit has been postponed to 27 January 2016 for an evidentiary hearing.

### ***Litigation regarding the sale of tax-collection companies***

As part of the government's re-internalisation of tax collection operations, Intesa Sanpaolo sold to Equitalia S.p.A. (a tax collection company owned by the Italian government through two state entities "Agenzia delle Entrate - Italian Revenue Agency" and "INPS") the entire share



capital of Gest Line and "ETR/ESATRI", companies which managed tax-collection activities in the respective areas of the former Sanpaolo IMI Group ("**Gest Line**") and the former Intesa Group ("**ETR/ESATRI**"), undertaking to indemnify the buyer against any out-of-period expenses associated with the collection activity carried out up to the moment of sale of the investment. The most significant portion of those out-of-period expenses consist in costs incurred for operations referring to events occurring prior to the sale, such as charges resulting from negative outcomes of litigation with taxpayers and tax authorities or labour law disputes, tax collection expenses not recovered due to events attributable to the former concessionaires (mainly expenses for unsuccessful administrative detentions). The above commitments were triggered not only by contractual guarantees, but also by a statute, which entered into force in 2005, that directly transfers to the seller any payment obligation concerning tax collection activities conducted by the company sold prior to the sale thereof.

In particular, the litigation with tax authorities, almost completely referring to Gest Line, originates from the rejection, in administrative and then judicial court, of the applications for discharge and reimbursement of the assessed taxes not collected. The grounds provided for the rejection were irregularities charged to the concessionaire in conducting the tax collection activities. In a few cases, litigation regarding tax collection activities gave rise to rulings of lost tax revenue, promoted by the public prosecutors in the regional sections of the Court of Auditors with local jurisdiction. With regards to that complex litigation, although Gest Line and ETR/ESATRI availed themselves of the option afforded by Law no. 311 of 2004 to remedy irregularities deriving from the performance of collection activity by paying an amount determined according to the parameter of three euro per inhabitant served, some Regional Sections of the Court of Auditors, which were hearing the cases in question (for events taking place in the early 1990's) and later the Central Sections on appeal, have found that the amnesty statute does not apply to the circumstances at issue in the case. Finally, Law Decree no. 40 of 25 March 2010 allowed parties that have sold their interests in collection agencies to settle on advantageous terms all proceedings pending at 26 May 2010 in connection with collection activity conducted through 30 June 1999 by paying 10.91 per cent. of the amounts at issue.

On 29 October 2010, Intesa Sanpaolo opted to reach such an advantageous settlement, paying the indicated percentage of 10.91 per cent. by the stated terms. Following this, most of the pending proceedings have been declared discontinued, and Intesa Sanpaolo is awaiting the announcement of discontinuation of the remaining proceedings affected by the regulation in question.

### ***Angelo Rizzoli Litigation***

In September 2009, Angelo Rizzoli filed suit against Intesa Sanpaolo (as the successor of the former Banco Ambrosiano) and four other parties seeking to nullify for the transactions undertaken between 1977 and 1984 alleged to have resulted in a detrimental loss of the control that he would have exercised over Rizzoli Editore S.p.A. and claiming compensation in an amount ranging from Euro 650 to Euro 724 million according to entirely subjective damage quantification criteria.

Rizzoli's claims, in addition to being without foundation on the merits due to the lack of a breach of the provision that prohibits preferential collateral rights argued to have occurred in the transactions whereby Rizzoli Editore S.p.A. was transferred, are also inadmissible at a preliminary procedural level, as held by Intesa Sanpaolo in its motion of appearance, on the grounds that the Milan Court of Appeal had already decided the matter in its judgment of 1996, which has become *res judicata*, as well as that Rizzoli lacked an interest to sue due to prescription of claims for compensation or restitution and usucaption by third parties.

In a judgment filed on 11 January 2012, the Court of Milan granted the preliminary objections of prescription and change into *res judicata* of the subject of the dispute and rejected the claims brought by Angelo Rizzoli, sentencing him to compensate Intesa Sanpaolo for expenses and frivolous litigation.

In February 2012 the plaintiff filed an appeal and, in relation to his request for suspension of the enforceability of the first instance ruling, the Court of Appeal granted the suspension of solely the frivolous litigation conviction. The lawsuit has been postponed to 21 October 2014 for an evidentiary hearing.

### ***Allegra Finanz AG***

On 31 January 2011, Allegra Finanz AG and 16 other international institutional investors filed a suit before the Court of Milan against several leading international financial institutions, including Intesa Sanpaolo and Eurizon Capital SGR (as the successor to Nextra). The claimants are seeking compensation in excess of 129 million euro as losses resulting from investments in bonds and shares issued by various Parmalat group companies. The plaintiffs claim that the banks knowingly and by various means concealed the financial state of the Parmalat group by means of transactions that prolonged its survival, with the effect of offloading the insolvency risk on investors. Intesa Sanpaolo's involvement in the proceedings relates to a private placement of 300 million euro by Parmalat Finance Corporation B.V. fully subscribed for by Nextra in June 2003, a transaction that, as stated by the claimants themselves, resulted in a settlement between Nextra and the Parmalat extraordinary administration procedure.

Intesa Sanpaolo raised a number of objections at a preliminary level and on the merits (including the lack of a causal relationship between the actions attributed to Nextra and the loss claimed by the claimants, considering their capacity as professional operators and the speculative nature of the investments undertaken).

After ruling on the various preliminary issues raised by the defendants (also declaring the proceedings against Eurizon Capital SGR to be dismissed), the judge initiated the preliminary investigation phase.

The claimants' claims are believed to be without foundation.

With order of 30 January 2013, the judge rejected all the claimants' preliminary motions and postponed the proceedings to 16 September 2014 for an evidentiary hearing.

### ***Relations with the Giacomini Group***

Starting from May 2012, certain media outlets published news of criminal investigations of members of the Giacomini family (which controls the industrial group of the same name) and other individuals in connection with possible illegal exportation of capital and other related offences.

In further detail, it was brought to light that the Public Prosecutor's Offices of Verbania and Novara have initiated investigations of possible tax offences committed by the Giacomini family and their advisors, and the Public Prosecutor's Office of Milan is investigating possible complicity in money-laundering by certain of the Giacominis' financial advisors and the CEO of the Luxembourg subsidiary, SEB, as well as the latter company itself pursuant to Legislative Decree no. 231 of 2001.

In regard to this matter, Intesa Sanpaolo has conducted internal inspection reviews to reconstruct the facts, including in reference to a loan disbursed by SEB in December 2008 in the amount of 129 million euro to Alberto Giacomini's family in the context of a family buy-out transaction. No significant irregularities have emerged so far in relation to this.

To date, the records of the investigating authorities of which Intesa Sanpaolo Group companies have been made aware do not permit an evaluation of the existence of liability, and thus of risks and charges.

### ***Bank of Alexandria***

In 2006 Sanpaolo IMI acquired from the Egyptian government an 80 per cent. investment in Bank of Alexandria, as part of the government privatisation programme launched in the 1990's. In 2011, two proceedings were initiated before the Administrative Court of Cairo, by two private entities against several members of the previous government, aimed at the cancellation of the administrative measure for privatisation and the resulting deed of purchase and sale, based on alleged irregularities in the administrative process and the alleged unfairness of the share transfer price.

Bank of Alexandria has intervened in both proceedings to fight the lawsuits, claiming the lack of jurisdiction of the administrative judge in the pre-trial proceedings and the groundlessness of the opponents' claims on the merits. Concerning the latter aspect, it has been inferred, with the support of suitable documentation, that the privatisation procedure was conducted correctly and - contrary to the opponents' allegations - in the form of public auction, with the participation of numerous international banks, as a result of which Intesa Sanpaolo was judged as the best bidder. The two proceedings, which are going forward at the same time and have been subject to numerous postponements and slowdowns, are currently in the preliminary investigation phase.

As things stand, and in consideration of the current phase of the proceedings, there are no critical issues in view with regards to the problems which are the focus of the disputes.

The lawsuits are constantly monitored by Intesa Sanpaolo, also in terms of possible developments of the reference scenario.

### ***Case initiated by Mr. Alberto Tambelli***

In January 2013 Mr. Alberto Tambelli after summarizing before the Court of Appeal of Milan a judgment from the Court of Cassation claimed compensation for loss of earnings for a total amount of approximately Euro 110 million. The case was based on some futures contracts transactions carried out in 1994 with the Milan Branch of the former Banca Popolare dell'Adriatico (now Banca dell'Adriatico) whereby Mr. Tambelli had suffered a substantial financial loss, although accounting for far less than the amount claimed. Upon completion of the first two instances of the proceedings brought against the Bank, Mr. Tambelli had obtained compensation for the damages suffered. On the other hand both the Court of first instance and the Milan Court of appeal had denied awarding damages for further claims for loss of earnings which, according to Mr Tambelli, he could have attained in the period in which he had been deprived of enjoyment of the amounts lost in the above mentioned financial transactions.

Both parties appealed in Cassation against the Appeal Court's judgment. With a decision dated 1 October 2012 the Court of Cassation rejected the Bank's appeal thus rendering definitive the order to compensate damages for loss of the capital invested (inter alia, already paid to Mr Tambelli in 2004). The Court had upheld Mr Tambelli's appeal taking the view - contrary to the Milan Appeal Court's decision - that his further claims for loss of earnings had not been

submitted out of time and therefore needed to be examined on their merits through a new judgment by the Milan Court sitting in a different formation.

The proceedings following referral of the case were initiated – as a consequence of the corporate events that involved Banca dell'Adriatico - both against Intesa Sanpaolo in its capacity as universal successor to Banca dell'Adriatico and the latter as particular successor to the former.

Intesa Sanpaolo and Banca dell'Adriatico entered an appearance before the court, with the latter raising objections concerning its lack of standing to be sued and the former raising multiple objections both with regard to the fact that the claim for compensation, as it had been established at the end of the first instance proceedings, could not be extended with new damage claims introduced for the first time during the appeal, and with regard to the inexistence of these further damages claimed by Mr Tambelli. Finally, Intesa Sanpaolo objected the total absence of a causal link between such claims and the futures transactions from which the case arose.

Intesa Sanpaolo believes that the claim brought by Mr Tambelli is groundless.

### ***Tax litigation***

Overall tax litigation risks of the Intesa Sanpaolo Group are covered by adequate provisions to allowances for risks and charges.

Intesa Sanpaolo is a party to 174 litigation proceedings, in which a total of 790 million euro are at issue, including disputes in both administrative and judicial venues at various instances. The actual risks associated with these proceedings were quantified at 60 million euro at 31 December 2012.

The Intesa Sanpaolo Group's other Italian companies within the scope of consolidation are parties to tax litigation proceedings in which a total of 378 million euro is at stake at that date, reflected by specific allowances of 36 million euro.

Pending international charges, totalling 4 million euro, are not material in amount when compared to the size of the company involved and the Intesa Sanpaolo Group. Specific provisions of adequate amount have been recognised to account for the risks associated with such charges.

In general, the checks conducted by the financial authorities in 2012 related to issues previously raised against other Italian banks, i.e. to charges which have now become ordinary in certain operating segments and, lastly, to the continuation of investigations launched in previous years concerning other tax years.

For the year 2007, the Italian Revenue Agency – Regional Management of Piemonte (*Agenzia delle Entrate– Direzione Regionale del Piemonte*) served a notice of assessment to Intesa Sanpaolo in December 2012, relating to a series of transactions implemented for the purpose of capital strengthening by issuing preference shares through international subsidiaries (in the form of LLC) domiciled in Delaware (USA). The *Agenzia delle Entrate* alleges that the subordinated deposits in place between the international subsidiaries and Intesa Sanpaolo can be reclassified as loans, subject to 12.50 per cent. final withholding tax pursuant to the last paragraph of art. 26 of Italian Presidential Decree no. 600 of 1973. The claim related to this case amounts to 23 million euro in unpaid withholding taxes, in addition to 34 million euro in penalties and 4 million euro in interest. The claim of the financial authorities should be deemed unfounded.

With regards to the other Intesa Sanpaolo Group companies, the following disputes arose in 2012:

- in the last quarter of 2012, two new leasing tax audits, which objected to specific transactions previously censured at the related counterparties (reports of findings) were closed, and seven deeds of assessment deriving from said tax audits were notified. The subject of the disputes, common to the above cases, can substantially be attributed to issues concerning subjectively and/or objectively inexistent transactions, so-called nautical lease and the reclassification of contracts as loans, based on a different reading of the contractual clauses agreed and the re-weighting of the market values of leased assets. These disputes amount to a total of 77 million euro in greater taxes, penalties and interest;
- at the end of December 2012, the general tax audit of Intesa Sanpaolo Group Service for 2009 was closed, with the prospective of recovery of higher taxes, amounting to 11 million euro, plus penalties and interest, mainly based on breaches of the accruals principle, in relation to the division over time of several costs connected to contributions by Intesa Sanpaolo to said subsidiary and pertinence, regarding assets included in the business lines contributed to it.

In terms of the main outcomes of proceedings during the reporting period, the following is worth mentioning:

- for Intesa Sanpaolo:
  - (i) the favourable ruling received on the appeal on the matter of stamp duty in relation to the compulsory accounting figures for the years 2005 and 2006, which recognised the legitimacy of the preparation of a hard copy of the journal ledger for the daily totals of individual general ledger accounts and considered the computerised records to be absolutely irrelevant;
  - (ii) the favourable ruling received on the appeal on the matter of recognition of the tax relevance of loans deriving from repurchase agreements to the effect of calculation of the ceiling of deductibility of the write-down of loans in relation to 2003 and 2004;
  - (iii) the first instance rulings, all positive, issued in relation to the reclassifications by Agenzia delle Entrate of various contributions of branches and business lines and the subsequent sale of shares as a single case which gradually took shape, equivalent to the transfer of a business line;
  - (iv) the negative first instance ruling (against both the Intesa Sanpaolo and Mediocredito Italiano) regarding the IRES tax recovery claimed by Agenzia delle Entrate in relation to the sale without recourse of loans to the company Castello Finance in 2005. An appeal was naturally filed against this ruling;
- for Intesa Sanpaolo Private Banking, the negative first instance ruling regarding the tax assessment of year 2005, which reclassified the costs incurred as remuneration for the provision of presentation services to customers as goodwill, based on the assumption that this is equivalent to a case of transfer of a business line;
- for Banca IMI, the negative ruling on appeal of the tax assessment for year 2003 concerning both the presumed loan on the quota of dividends distributed by an

international subsidiary and not collected and the withholding tax obligation on the manufactured dividend paid to foreign banking counterparties.

Through recourse to dispute settlement mechanisms, in November 2012 Intesa Sanpaolo settled the dispute concerning "misuse of a right" involving structured finance transactions conducted in 2006 and 2007, with content fully equivalent to those conducted in 2005, which were equally settled in December 2011. Also in relation to this position, the decision to settle the litigation was taken, though fully convinced of the groundlessness of the claims, in consideration of the inappropriateness of nurturing litigations that are time-consuming and costly, with a sharp degree of randomness in the specific matter. In the case in point, the tax claim, amounting to 385 million euro (for taxes, withholding taxes and penalties) was settled with a payment of 44 million euro (plus interest).

Out of the total cases of tax litigation pending as at 31st December, 2012, at Intesa Sanpaolo Group level 188 million euro is posted to the balance sheet among assets, 163 million euro of which refers to Intesa Sanpaolo, representing the total amount paid by way of provisional tax collection.

For said cases of litigation, provisions for risks and charges amount to 41 million euro at Intesa Sanpaolo Group level, of which 26 million euro for Intesa Sanpaolo.

In this regard, it is important to note that the provisional payments were made in compliance with specific legal provisions, which mandate such payments based on an automatic mechanism completely unrelated to whether the related tax claims are actually founded and, thus, irrespective of the higher or lower level of risk of a negative outcome in the related proceedings. Thus, these payments were made solely based on the administrative deeds that set forth the related tax claim, which does not lose its effectiveness even when appealed, has no suspensive effect and does not add to the assessments of the actual risk of a negative outcome, which must be measured using the criteria set forth in IAS 37 for liabilities."

\* \* \*

The paragraph entitled "Recent Events" on page 90 of the Base Prospectus is entirely replaced by the following:

**"Intesa Sanpaolo: Management Board**

On 21 May 2013, Intesa Sanpaolo published a press release, the full text of which is set out below:

"At its meeting today, the Management Board of Intesa Sanpaolo passed the resolutions reported below.

- Carlo Messina, General Manager Deputy to the CEO, has been appointed Head of the Retail Banking Division. Carlo Messina takes on this role in addition to maintaining his current responsibility as Supervisor of the Chief Financial Officer Governance Area;
- the scope of the Retail Banking Division now includes mid corporates, and product factories operating in the leasing business (Leasint and Centro Leasing) and in the factoring business (Mediofactoring and Centro Factoring), which previously belonged to the Corporate and Investment Banking Division;
- Stefano Del Punta has been appointed Chief Financial Officer;

- a Chief Governance Officer Governance Area has been set up and is headed by Paolo Grandi;
- a Wealth Management Governance Area has been set up and is headed by Gianemilio Osculati;
- the Chief Governance Officer and the Head of Wealth Management report to the CEO.”

\* \* \*

The following paragraph is included on page 90 of the Base Prospectus after the paragraph entitled "Legal Risks":

**"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 Financial Law, that the accounting information contained in this Base Prospectus corresponds to the Issuer's documentary results, books and accounting records.

Company Officer

Ernesto Riva"

\* \* \*

The section headed "Financial Information of the Issuer – An Overview" starting on page 91 of the Base Prospectus is replaced by the following:

**"FINANCIAL INFORMATION OF THE ISSUER – AN OVERVIEW**

**Audited Consolidated Annual Financial Statements**

The annual financial information below as at and for the years ended 31 December 2011 and 31 December 2012 has been derived from the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2012 (the "**2012 Annual Financial Statements**") that include comparative figures as at and for the year ended 31 December 2011. The 2012 Annual Financial Statements have been audited, without qualification in accordance with auditing standards and procedures recommended by CONSOB, by KPMG S.p.A., who issued their audit report on 20 March 2013.

**Incorporation by Reference**

The annual financial statements referred to above are incorporated by reference in this Prospectus (see "*Documents Incorporated by Reference*") and should be read in conjunction with the accompanying notes and auditors' reports.

**Accounting Principles**

The annual financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation 1606/2002/EC.

**INTESA SANPAOLO**  
**CONSOLIDATED ANNUAL STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31/12/2012**

The annual financial information below includes comparative figures as at and for the year ended 31 December 2011

	<b>2012</b>	<b>2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in millions of €)</i>	
Interest and similar income	19,700	19,149
Interest and similar expense	-8,418	-7,762
<b>Interest margin</b>	<b>11,282</b>	<b>11,387</b>
Fee and commission income	6,641	6,298
Fee and commission expense	-1,511	-1,278
<b>Net fee and commission income</b>	<b>5,130</b>	<b>5,020</b>
Dividend and similar income	507	542
Profits (Losses) on trading	549	-204
Fair value adjustments in hedge accounting	-8	-8
Profits (Losses) on disposal or repurchase of:	1,348	753
<i>a) loans</i>	-3	-16
<i>b) financial assets available for sale</i>	270	590
<i>c) investments held to maturity</i>	-14	-1
<i>d) financial liabilities</i>	1,095	180
Profits (Losses) on financial assets and liabilities designated at fair value	1,294	-210
<b>Net interest and other banking income</b>	<b>20,102</b>	<b>17,280</b>
Net losses/recoveries on impairment	-4,521	-5,021
<i>a) loans</i>	-4,308	-4,229
<i>b) financial assets available for sale</i>	-161	-776
<i>c) investments held to maturity</i>	1	-2
<i>d) other financial activities</i>	-53	-14
<b>Net income from banking activities</b>	<b>15,581</b>	<b>12,259</b>
Net insurance premiums	5,660	9,260
Other net insurance income (expense)	-8.145	-10,016
<b>Net income from banking and insurance activities</b>	<b>13,096</b>	<b>11,503</b>
Administrative expenses	-9,085	-9,839
<i>a) personnel expenses</i>	-5,570	-6,223
<i>b) other administrative expenses</i>	-3,515	-3,616
Net provisions for risks and charges	-258	-222
Net adjustments to/recoveries on property and equipment	-469	-381
Net adjustments to/recoveries on intangible assets	-710	-723
Other operating expenses (income)	486	494



	<b>2012</b>	<b>2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in millions of €)</i>	
<b>Operating expenses</b>	<b>-10,036</b>	<b>-10,671</b>
Profits (Losses) on investments in associates and companies subject to joint control	-123	-207
Valuation differences on property, equipment and intangible assets measured at fair value	-	-
Goodwill impairment	-	-10,338
Profits (Losses) on disposal of investments	30	171
<b>Income (Loss) before tax from continuing operations</b>	<b>2,967</b>	<b>-9,542</b>
Taxes on income from continuing operations	-1,313	1,415
<b>Income (Loss) after tax from continuing operations</b>	<b>1,654</b>	<b>-8,127</b>
Income (Loss) after tax from discontinued operations	-	-
<b>Net income (loss)</b>	<b>1,654</b>	<b>-8,127</b>
Minority interests	-49	-63
<b>Parent company's net income (loss)</b>	<b>1,605</b>	<b>-8,190</b>
Basic EPS - Euro	0.10	-0.56
Diluted EPS - Euro	0.10	-0.56

**INTESA SANPAOLO**  
**CONSOLIDATED ANNUAL BALANCE SHEET**  
**AS AT 31/12/2012**

<b>Assets</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in millions of €)</i>	
Cash and cash equivalents	5,301	4,061
Financial assets held for trading	63,546	59,963
Financial assets designated at fair value through profit and loss	36,887	34,253
Financial assets available for sale	97,209	68,777
Investments held to maturity	2,148	2,621
Due from banks	36,533	35,865
Loans to customers	376,625	376,744
Hedging derivatives	11,651	10,248
Fair value change of financial assets in hedged portfolios (+/-)	73	137
Investments in associates and companies subject to joint control	2,706	2,630
Technical insurance reserves reassured with third parties	13	15
Property and equipment	5,530	5,536
Intangible assets of which:	14,719	15,041
- <i>goodwill</i>	8,681	8,689
Tax assets	12,563	14,702
<i>a) current</i>	2,730	2,379
<i>b) deferred</i>	9,833	12,323
- <i>of which convertible into tax credit (Law no. 214/2011)</i>	5,984	6,511
Non-current assets held for sale and discontinued operations	25	26
Other assets	7,943	8,602
<b>Total assets</b>	<b>673,472</b>	<b>639,221</b>

**INTESA SANPAOLO**  
**CONSOLIDATED ANNUAL BALANCE SHEET**  
**AS AT 31/12/2012**

<b>Liabilities and Shareholders' Equity</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in millions of €)</i>	
Due to banks	73,352	78,644
Due to customers	218,051	197,165
Securities issued	159,307	160,245
Financial liabilities held for trading	52,195	48,740
Financial liabilities designated at fair value through profit and loss	27,047	22,653
Hedging derivatives	10,776	8,576
Fair value change of financial liabilities in hedged portfolios (+/-)	1,802	1,686
Tax liabilities	3,494	4,064
<i>a) current</i>	<i>1,617</i>	<i>689</i>
<i>b) deferred</i>	<i>1,877</i>	<i>3,375</i>
Liabilities associated with non-current assets held for sale and discontinued operations	-	-
Other liabilities	18,039	13,963
Employee termination indemnities	1,207	1,338
Allowances for risks and charges	3,343	3,628
<i>a) post employment benefits</i>	<i>416</i>	<i>402</i>
<i>b) other allowances</i>	<i>2,927</i>	<i>3,226</i>
Technical reserves	54,660	50,761
Valuation reserves	-1,399	-3,298
Redeemable shares	-	-
Equity instruments	-	-
Reserves	9,941	13,843
Share premium reserve	30,934	36,143
Share capital	8,546	8,546
Treasury shares (-)	-14	-4
Minority interests (+/-)	586	718
Net income (loss)	1,605	-8,190
<b>Total Liabilities and Shareholders' Equity</b>	<b>673,472</b>	<b>639,221</b>

"

## DESCRIPTION OF THE COVERED BOND GUARANTOR

The paragraph entitled "Administrative, Management and Supervisory Bodies", on page 102 of the Base Prospectus is replaced by the following:

### **Administrative, Management and Supervisory Bodies**

The directors of the Covered Bond Guarantor are:

<u><i>Director</i></u>	<u><i>Position</i></u>	<u><i>Principal activities performed outside the Intesa Sanpaolo Group</i></u>
Paola Fandella	Chairman	<p>Professor of banking, finance and securities markets; Università Cattolica del Sacro Cuore, Milan;</p> <p>Coordinator for the courses of Economics and management in fine art and cultural activities; Università Cattolica del Sacro Cuore, Milan;</p> <p>Director of the Master in management of museum and cultural activities; Università Cattolica del Sacro Cuore, Milan.</p>
Roberta Crespi	Director	<p>Associate Professor of economics and management company - Faculty of Economics - Università Cattolica del Sacro Cuore of Milan;</p> <p>Director of EMLUX - Executive Master in Luxury Goods Management - Università Cattolica del Sacro Cuore, Milan;</p> <p>Statutory auditor (alternate) in Sorin S.p.A.</p> <p>Statutory auditor (alternate) in Mittel S.p.A.</p>
Mario Masini	Director	<p>Director of Mediolanum Gestione Fondi Sgrpa</p> <p>Director of ILME S.p.A.</p> <p>Director of IMAC S.p.A.</p>

The directors of the Covered Bond Guarantor indicated in the table above have been appointed by a totalitarian shareholders' meeting of the Covered Bond Guarantor held on 21 May 2013.

The statutory auditors of the Covered Bond Guarantor are:

<u>Statutory Auditor</u>	<u>Position</u>	<u>Principal activities performed outside the Intesa Sanpaolo Group</u>
Nicola Bruni	Chairman	<p>Professor of Economics of Securities market - faculty of Economics- Università degli Studi of Bari Aldo Moro</p> <p>Chairman of the Statutory Auditors in Linear Life S.p.A.;</p> <p>Chairman of the Statutory Auditors in Linear Assicurazioni S.p.A.;</p> <p>Chairman of the Statutory Auditors in Biotecnica Instruments S.p.A.;</p> <p>Statutory auditor (regular) in Unipol Merchant Banca per le Imprese S.p.A.;</p> <p>Statutory auditor (regular) in Finitalia S.p.A.;</p> <p>Statutory auditor (regular) in FILA S.p.A.;</p> <p>Statutory auditor (alternate) in Unipol Banca S.p.A.;</p> <p>Statutory auditor (alternate) in Banca SAI S.p.A.;</p> <p>Statutory auditor (alternate) in Unisalute S.p.A.;</p> <p>Statutory auditor (alternate) in Centri Medici Unisalute S.p.A.;</p>
Giuseppe Dalla Costa	Statutory auditor (regular)	<p>Director in Aries SpA,</p> <p>Statutory auditor (regular) in Fidicommet;</p> <p>Statutory auditor (regular) in Emva,</p> <p>Statutory auditor (regular) in Fondazione Yulm,</p> <p>Statutory auditor (regular) in Ebiter;</p>
Eugenio Braja	Statutory auditor (regular)	<p>Chartered accountant and auditor.</p> <p>Assistant professor in Business Administration at Università del Piemonte Orientale</p>
Carlo Maria Bertola	Statutory auditor (alternate)	<p>Statutory auditor (regular) in Akhela S.r.l.,</p> <p>Statutory auditor (regular) in Angelo Moratti S.a.p.A.,</p> <p>Statutory auditor (regular) in Arcola Petrolifera S.p.A.,</p> <p>Statutory auditor (regular) in</p>

		Borghesi Colombo Ass. S.p.A., Statutory auditor (regular) in Compuware S.p.A., Statutory auditor (regular) in Deborah Group S.p.A.
Renzo Mauri	Statutory auditor (alternate)	Sole director and owner of MA Service S.r.l.

All the statutory auditors are registered with the Register of the Statutory Auditors (*Albo dei Revisori Contabili*).

The business address of each member of the Board of Directors and the Board of Statutory Auditors is ISP CB Ipotecario S.r.l., Via Monte di Pietà 8, 20121 Milan.

\* \* \*

The paragraph entitled "Financial Information concerning the Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses", on page 102 of the Base Prospectus is replaced by the following:

**"Financial Information concerning the Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses**

The financial information of the Covered Bond Guarantor derive from the statutory financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2010, 31 December 2011 and 31 December 2012. They are prepared in accordance with IAS/IFRS Accounting Standards principles in respect of which an audited report has been delivered by Reconta Ernst and Young S.p.A. on 10 March 2011, on 9 March 2012 and on 12 March 2013 respectively. Such financial statements, together with the report of Reconta Ernst and Young S.p.A. and the accompanying notes, are incorporated by reference into this Base Prospectus. The financial information are incorporated by reference into this Base Prospectus (see the section headed "Documents incorporated by reference")."

## ACCOUNTS AND CASH FLOWS

Paragraph (d) under paragraph entitled "*Withdrawals*" under paragraph "5. *The Eligible Investments Account*" under "*Part A*" on page 125 of the Base Prospectus is entirely deleted.

Paragraph (d) under paragraph entitled "*Withdrawals*" under paragraph "6. *The Eligible Investments Account*" under "*Part B*" on page 130 of the Base Prospectus is entirely deleted.

\* \* \*

## CASH FLOWS

Item (iv) under paragraph "*1. Pre-Issuer Default Interest Priority of Payments*" on page 133 of the Base Prospectus is replaced by the following:

"(iv) *fourth, pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payments, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period, in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;"

Item (iii) under paragraph "*3. Post-Issuer Default Priority of Payments*" on page 135 of the Base Prospectus is replaced by the following:

"(iii) *third, pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any interest amount due and payable on each Series of Covered Bonds on each CB Payment Date falling on such Guarantor Payment Date or to credit to the Relevant Investment Account an amount equal to the Interest Accumulation Amount, to be used for any interest payment due on the CB Payment Dates falling during the immediately following Guarantor Interest Period (except if the relevant CB Payment Date falls on the first day of such immediately following Guarantor Interest Period), in respect of any Series of Covered Bonds in relation to which (i) no Liability Swaps have been entered into or (ii) the relevant Liability Swaps have been terminated;"

Item (iii) under paragraph "*4. Post-Guarantor Default Priority of Payments*" on page 136 of the Base Prospectus is replaced by the following:

"(iii) *third, pari passu* and *pro rata* according to the respective amounts thereof (a) to pay any Hedging Senior Payment, other than in respect of principal, due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount, other than in respect of principal, due and payable on each Series of Covered Bonds;"

Item (iv) under paragraph "*4. Post-Guarantor Default Priority of Payments*" on page 136 of the Base Prospectus is replaced by the following:

"(iv) *fourth, pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay any Hedging Senior Payment in respect of principal due and payable on such Guarantor Payment Date, under the Swap Agreements and (b) to pay any amount in respect of principal due and payable under each Series of Covered Bonds on such Guarantor Payment Date;"

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

The paragraph entitled "*15. Swap Agreements*" on page 151 of the Base Prospectus is replaced by the following:

### "15. Swap Agreements

#### **Swap Agreements**

The Covered Bond Guarantor may enter into one or more swap transactions (each a **Swap Transaction**) with Hedging Counterparties in order to hedge certain risks. Each Swap Transaction with a Hedging Counterparty will be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border), as published by the International Swap and Derivatives Association, Inc. (**ISDA**), the Schedule thereto (the **Master Agreement**) as supplemented by a 1995 Credit Support Annex (English Law) published by ISDA (the **CSA**) entered into with that Hedging Counterparty and a confirmation (the **Swap Confirmation**) evidencing the terms of such transaction, all governed by English law (the Master Agreement, the CSA and the Swap Confirmations, together the **Swap Agreement**).

Under the terms of each Swap Agreement, in the event that the rating(s) of the relevant Hedging Counterparty, or any guarantor of the relevant Hedging Counterparty's obligations, is downgraded by the Rating Agency below the rating(s) specified in the relevant Master Agreement for that Hedging Counterparty or any guarantor of that Hedging Counterparty, that Hedging Counterparty will, in accordance with the relevant Master Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under the Swap Agreement, or
- (b) arranging for its obligations under the Swap Agreement to be transferred to an entity with the rating(s) required under the Swap Agreement, or
- (c) procuring another entity with the rating(s) required under the Swap Agreement to become co-obligor or guarantor in respect of its obligations under the Swap Agreement.

A failure to take such steps within the time periods specified in the Master Agreement will allow the Covered Bond Guarantor to terminate the relevant Swap Agreement.

The Swap Agreement may also be terminated in certain other circumstances pursuant to any other events of default and termination events set out in the Swap Agreement (each a **Swap Early Termination Event**), including, if there is a failure by the a party to make timely payments of any amounts due under the Swap Agreement and upon the occurrence of the insolvency of the Hedging Counterparty or any guarantor of that Hedging Counterparty.

Upon the termination of the Swap Agreement pursuant to a Swap Early Termination Event, the Covered Bond Guarantor or the relevant Hedging Counterparty may be liable to make a termination payment to the other in accordance with the provisions of the Swap Agreement. Such payment will be made in accordance with the Priority of Payments set out in the Intercreditor Agreement.

#### ***Collateralisation under the Credit Support Annex***

Under the CSA, if required to do so following a downgrade of a Hedging Counterparty, or any guarantor of that Hedging Counterparty, as the case may be, and subject to the conditions specified in the CSA, such Hedging Counterparty will make transfers of collateral to the Covered Bond Guarantor in support of its obligations under the relevant Swap Agreement (the **Swap Collateral**) and the Covered Bond Guarantor will be obliged to return equivalent collateral in accordance with the terms of the CSA where there is a subsequent reduction in the exposure of the Covered Bond Guarantor to the Hedging Counterparty.



Any Swap Collateral required to be posted by the relevant Hedging Counterparty pursuant to the terms of the relevant CSA may be delivered in the form of cash or securities. Cash amounts will be paid into an account opened with respect to each Hedging Counterparty, designated a "**Collateral Account – Cash**" and securities will be transferred to an account opened with respect to each Hedging Counterparty, designated a "**Collateral Account – Securities**".

If a Collateral Account – Cash and/or a Collateral Account – Securities are opened in relation to a Swap, cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Hedging Counterparty in accordance with the terms of the relevant CSA.

Any Swap Collateral will be returned by the Covered Bond Guarantor to the relevant Hedging Counterparty directly in accordance with the terms of the relevant CSA and not under the Priorities of Payments, provided that, in the event of early termination of the Swap Agreement, the Swap Collateral may be applied in accordance with the terms of the Master Agreement.

### ***Asset Swap Transactions***

The Covered Bond Guarantor may enter into one or more swap transactions on or about the date of the transfer of each Portfolio or on or about each Issue Date with the Hedging Counterparty in order to, *inter alia*, hedge the interest rate risks and/or currency risks related to the transfer of each Portfolio.

Some of the Mortgage Loans in each Portfolio will pay a floating rate of interest which may or may not be subject to a cap and some of the Mortgage Loans will pay a fixed rate of interest. However, the payments to be made by the Covered Bond Guarantor under the Liability Swap Transactions will be generally based on EURIBOR.

To provide a hedge against the possible variance between:

- (a) the rates of interest payable on the Mortgage Loans in each Portfolio; and
- (b) EURIBOR,

the Covered Bond Guarantor and the Hedging Counterparty may enter into Asset Swap Transactions in respect of the various Portfolios held by the Covered Bond Guarantor.

### ***Liability Swap Transactions***

Where Covered Bonds are issued in a currency and/or on an interest rate basis different to the Asset Swap Transactions, the Covered Bond Guarantor may enter into Liability Swap Transactions.

In respect of a Series of Covered Bonds denominated in Euros, the Covered Bond Guarantor will pay to the Hedging Counterparty an amount in Euros calculated with reference to a floating rate of interest and in return the Hedging Counterparty will pay to the Covered Bond Guarantor the amount of interest due on the relevant Series of Covered Bonds.

Each Liability Swap Transaction which may be entered into in connection with a Series of Covered Bond will terminate on the Maturity Date of the relevant Series of Covered Bond or, if applicable under the relevant Final Terms and agreed by the Parties, on the Extended Maturity Date or the Long Date Due For Payment Date, as the case may be, unless terminated earlier in accordance with its terms.

### ***Governing Law***

The Swap Agreements are governed by English law.

Notwithstanding the above, the Covered Bond Guarantor could enter into hedging agreements,

other than the Swap Agreements, in order to hedge the interest rate and/or currency risk related to the transfer of each Portfolio or to the Covered Bonds."

## TERMS AND CONDITIONS OF THE COVERED BONDS

The following definitions included under Condition 2 (*Interpretation*), paragraph 2.1 "*Definitions*" from page 164 to 177 of the Base Prospectus are replaced as follows:

"**Asset Swaps** means the swap transactions entered into from time to time between the Covered Bond Guarantor and the Asset Hedging Counterparty for hedging the currency and/or interest rate risk on each Portfolio, as each of them may be amended, supplemented and/or restated from time to time, and as long as the Hedging Counterparty is Intesa Sanpaolo, such transactions will be governed by and form part of the Swap Agreement between the Covered Bond Guarantor and Intesa Sanpaolo;"

"**English Law Transaction Documents** means the Swap Agreements and the Deed of Charge and Assignment and any document or agreement governed by English law which supplements, amends or restates the content of any of those documents and any other document governed by English law designated as such by the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders;"

"**Hedging Senior Payment** means, on any relevant date, any interest and/or principal payment due under any Swap Agreement, including any termination payment arising out of a termination event, other than termination payments where the relevant Hedging Counterparty is the defaulting party or the sole affected party, but including, in any event, the amount of any termination payment due and payable to the relevant Hedging Counterparty in relation to the termination of the relevant swap transactions to the extent of any premium received (net of any costs reasonably incurred by the Covered Bond Guarantor to find a replacement swap counterparty), if any, by the Covered Bond Guarantor from a replacement swap counterparty in consideration for entering into swap transactions with the Covered Bond Guarantor on the same terms as the relevant Swap Agreement;"

"**Liability Swaps** means the swap transactions entered into from time to time between the Covered Bond Guarantor and the Liability Hedging Counterparty for hedging the interest rate risk on the Covered Bonds, as each of them may be amended, supplemented and/or restated from time to time and as long as the Hedging Counterparty is Intesa Sanpaolo, such transactions will be governed by and form part of the Swap Agreement between the Covered Bond Guarantor and Intesa Sanpaolo;"

"**Second Special Servicer** means the entity appointed as such under the Servicing Agreement;"

"**Special Servicer** means the First Special Servicer, the Second Special Servicer and any other entity acting as Special Servicer pursuant to the Servicing Agreement, as the case may be;"

"**Swap Agreements** means the agreement entered into between Intesa Sanpaolo (as Hedging Counterparty) and the Covered Bond Guarantor in the form of an ISDA Master Agreement, including a schedule and credit support annex thereto and any swap agreement entered into between any other Hedging Counterparty and the Covered Bond Guarantor;"

\* \* \*

The following definition is included under Condition 2 (*Interpretation*), paragraph 2.1 "*Definitions*" on page 170 of the Base Prospectus, prior to the definition of "Fixed Coupon Amount":

"**First Special Servicer** means the entity appointed as such under the Servicing Agreement;"

## **GENERAL INFORMATION**

The following items are included after item (x) under paragraph "Documents available for inspection" on page 244 of the Base Prospectus:

"(xi) the Issuer's audited consolidated annual financial statements in respect of the year ended on and as at 31 December 2012;

(xii) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on and as at 31 December 2012;

(xiii) the Auditors' Report in respect of the Covered Bond Guarantor's annual financial statements for the year ended on 31 December 2012."

## GLOSSARY

The following definitions included in the section "Glossary" on page 246 of the Base Prospectus are replaced as follows:

**"Eligible Investments** means:

(i) any Public Asset, as defined below, which have a maturity up to 3 Business Days prior to each Guarantor Payment Date; and/or

(ii) (a) any other Euro denominated securities having the minimum rating as determined by the parties in accordance with the applicable rating methodology to be applicable or agreed by the Rating Agency from time to time, being, as at the date hereof, "P-1" by Moody's and which have a maturity of up to 30 calendar days or, if longer, which may be liquidated without loss within 30 days from a downgrade below "P-1" by Moody's and which qualify as Eligible Assets and/or Integration Asset; and/or

(b) reserve accounts, deposit accounts, and other similar accounts which qualifies as Integration Assets held with a bank having minimum ratings as determined by the parties in accordance with the applicable rating methodology to be applicable or agreed by the Rating Agency from time to time, being, as at the date hereof, "P-3" by Moody's,

provided that any such investments shall be liquidated in accordance with the provisions of the Cash Management and Agency Agreement.

For the avoidance of doubt, the limit provided under Clause 5.4(b) of the Master Transfer Agreement will not apply to the Eligible Investments.

For the purposes of paragraph (i) above, "Public Assets" means (i) securities satisfying the requirements set forth under article 2, paragraph 1, letter c) of the MEF Decree, and (ii) loans extended to, or guaranteed by, the public entities set forth under article 2, paragraph 1, letter c) of the MEF Decree or guaranteed (on the basis of "guarantees valid for the purpose of credit risk mitigation" (*garanzie valide ai fini della mitigazione del rischio di credito*), as defined by article 1, para. 1, lett. h) of the MEF Decree), by such public entities."

**"Liability Swap Principal Accumulation Amount** means, in relation to any Guarantor Payment Date, (a) for a Series of Covered Bonds with a Maturity Date falling during the immediately following Guarantor Interest Period (excluding the first day of such Guarantor Interest Period), an amount equal to the principal amount due under the relevant Liability Swap, or (b) for a Series of Covered Bonds with a Maturity Date not falling during the immediately following Guarantor Interest Period, an amount equal to zero."