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

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

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

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

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

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

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

qualified institutional buyers (as defined in Rule 144A under the Securities Act (“**Rule 144A**”)) in reliance on Rule 144A. In addition, prospective purchasers of Notes are hereby notified that a seller of Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Neither this Prospectus nor any Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by Intesa Sanpaolo, INSPIRE, the Trustee, the Dealers or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Intesa Sanpaolo, INSPIRE and the Intesa Sanpaolo Group.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed €50,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Subscription and Sale”.

In this Prospectus, references to “**U.S.\$**” or “**USD**” are to United States dollars, references to “**STG**” or “**£**” are to the lawful currency of the United Kingdom and references to “**EUR**”, “**euro**”, “**euros**” or “**€**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended.

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

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

To permit compliance with Rule 144A under the Securities Act in connection with the resale of Notes that are “Restricted Securities” (as defined in Rule 144(a)(3) under the Securities Act), the Issuers will furnish upon the request of a holder of such Notes or of a beneficial owner of an interest therein, to such holder or beneficial owner or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if at the time of such request, the relevant Issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE OR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CERTAIN DEFINITIONS

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

- (i) references to “**Intesa Sanpaolo**” are to Intesa Sanpaolo S.p.A. in respect of the period since 1st January, 2007 and references to the “**Group**” or to the “**Intesa Sanpaolo Group**” are to Intesa Sanpaolo and its subsidiaries in respect of the same period (with the exception of certain pro forma financial data, which relate to the years ended 31st December, 2005 and 2006, and the six months ended 30th June, 2006);
- (ii) references to “**Banca Intesa**” or “**Intesa**” are to Banca Intesa S.p.A. in respect of the period prior to 1st January, 2007 and references to the “**Banca Intesa Group**” or to the “**Intesa Group**” are to Banca Intesa and its subsidiaries in respect of the same period; and
- (iii) references to “**Sanpaolo IMI**” are to Sanpaolo IMI S.p.A. and references to “**Sanpaolo IMI Group**” are to Sanpaolo IMI and its subsidiaries.

The Irish banking subsidiaries of the Intesa Sanpaolo Group, Intesa Bank Ireland p.l.c. (“**IBI**”) and Intesa Sanpaolo Bank Ireland p.l.c. (formerly known as Sanpaolo IMI Bank Ireland p.l.c.) (“**INSPIRE**”) have been fully integrated during 2007, with IBI transferring substantially all its assets and liabilities to INSPIRE. Following the cessation of its banking business, IBI was placed into voluntary liquidation on 30th November, 2007.

SUMMARY

This Summary must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each EEA State no civil liability will attach to the persons responsible for this Summary in any such EEA State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in an EEA State, the claimant may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Prospectus before legal proceedings are initiated.

Words and expressions defined in the "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section.

Summary of Intesa Sanpaolo S.p.A.

Intesa Sanpaolo is the surviving entity following the merger by incorporation of Sanpaolo IMI S.p.A. with and into Banca Intesa S.p.A., which was completed on 1st January, 2007. Upon completion of the merger, the surviving entity changed its name from Banca Intesa S.p.A. to Intesa Sanpaolo S.p.A.

Legal status and information

Intesa Sanpaolo is a company limited by shares, incorporated in 1925 under the laws of Italy and registered with the Companies' Registry of Turin under registration number 00799960158. It is also registered on the National Register of Banks under no. 5361 and is the parent company of "Gruppo Intesa Sanpaolo".

Registered office

Intesa Sanpaolo's registered office is at Piazza San Carlo 156, 10121 Turin and its telephone number is +39 0115551. Intesa Sanpaolo's secondary office is at Via Monte di Pietà 8, 20121 Milan.

Objects

The objects of Intesa Sanpaolo are deposit-taking and the carrying-on of all forms of lending activities, including through its subsidiaries. Intesa Sanpaolo may also, in compliance with laws and regulations applicable from time to time and subject to obtaining the required authorisations, provide all banking and financial services, including the establishment and management of open-ended and closed-ended supplementary pension schemes, as well as the performance of any other transactions that are incidental to, or connected with, the achievement of its objects.

Share capital

At 30th September, 2007, Intesa Sanpaolo's issued and paid-up share capital amounted to €6,646,547,922.56, divided into 12,781,822,928 shares with a nominal value of €0.52 each, in turn comprising 11,849,332,367 ordinary shares and 932,490,561 non-convertible savings shares.

Organisational structure

The Banca Intesa Group was itself the result of a series of mergers. Formed in 1998 from the merger of Cariplo and Ambroveneto, it grew further in 1999, when Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria joined the group and, in the same year, it launched a

tender offer on 70 per cent. of the share capital of Banca Commerciale Italiana, which was subsequently incorporated into the Group in 2001.

Sanpaolo IMI was also the result of a merger: in 1998, between Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano, as well as the subsequent integration of Banco di Napoli in 2000 and Gruppo Cardine in 2002. The Sanpaolo IMI Group was capable of successfully integrating and exploiting the diversity of its component parts, as shown by its “National Territorial Bank” business model, which involved the maintenance and promotion of regional brands.

In view of the increasing acceleration of the consolidation process in the domestic banking system in Italy, the proven capability of growth via integration processes and the results achieved, Intesa Sanpaolo believes that the merger between Sanpaolo IMI and Banca Intesa is consistent with the history and strategy of the two groups.

The Intesa Sanpaolo Group formed from the merger operates in Italy:

- in terms of distribution network, with about 5,800 branches (taking into account the disposals envisaged under the merger plan) with a uniform geographic coverage over the entire country, particularly in the wealthiest regions;
- in the retail, private and SME segments, with a retail customer base of 10.7 million;
- in corporate and investment banking, factoring, trade finance, project and acquisition finance and syndicated lending, the capital markets segment and market-making activities;
- in the public entities and infrastructure sector; and
- in asset management, through Eurizon Capital and Eurizon Investimenti, in bancassurance through EurizonVita and in the financial advisor sector through Banca Fideuram.

Furthermore, the Intesa Sanpaolo Group, due to the complementary presence of Sanpaolo IMI and Banca Intesa in the markets of Central and Eastern Europe and the Mediterranean basin has considerably strengthened its coverage and commercial effectiveness in this area, where it operates in 12 countries, with more than 1,200 branches and total assets of about €37 billion.

The organisational model of the new group is based on the following business units: “Banca dei Territori Division”, “Corporate & Investment Banking Division”, “Public Finance”, “International Subsidiary Banks Division”, “Eurizon Capital”, “Eurizon Investimenti”, “Banca Fideuram”. In addition, there is the Corporate Centre.

In line with the provisions of IAS 14 regarding Segment Reporting, the management approach has been taken with primary reporting based on the segmentation into business areas, as this reflects the responsibilities introduced with the Group’s new organisational structure. In addition to responding to an organisational logic, the business areas are an aggregation of business lines similar in the type of products and services they sell and in their regulatory context of reference.

The **Banca dei Territori Division** has the mission to serve individual customers, small businesses and SMEs.

To serve non-profit entities, a bank has been recently set up, Banca Prossima, which operates through the Group’s branches, with regional centres and a team of specialists.

This Division also includes the product companies specialised in industrial credit, consumer credit, bancassurance, private banking, fiduciary services and electronic payment systems.

The **Corporate & Investment Banking Division** has the mission to serve Italian and International Corporates and Financial Institutions by means of Corporate Branches, Foreign Branches, Representative Offices and the Group’s International Corporate Subsidiaries, creating value through the offer of corporate banking products and services (ordinary and specialised credit,

transaction services, trade finance etc.), as well as through Investment Banking (M&A advisory, structured finance) and Capital Markets via Banca IMI, Merchant Banking and Factoring activities.

The purpose of the **Public Finance** unit through Banca Infrastrutture Innovazione e Sviluppo is to serve Governments, Public Entities, Local Entities, Public Utilities, Healthcare structures and General Contractors by developing financing activities and ordinary bank operations, project financing, securitisations, financial advisory, assisting initiatives and investment projects in key infrastructures, healthcare, research and projects of public utility, through a unique competence centre in Italy, capable of favouring the co-operation between public and private sectors at the service of the growth of the Country.

The strategic guidelines for the **International Subsidiary Banks Division** are mainly oriented to an improvement in the Group's positioning in the countries where it is present, realising revenue synergies especially by leveraging on Centres of Excellence (leasing, credit cards, consumer credit, etc.). Important cost synergies are expected from the integration processes finalised in Bosnia (merger between UPI Banka and LTG Banka completed in July), Hungary (integration between CIB - Central European International Bank and IEB – Inter Europa Bank completed at the beginning of 2008), Albania (integration between Banca Italo Albanese and ABA - American Bank of Albania completed at the beginning of 2008) and Serbia (integration between BIB - Banca Intesa Beograd and Panonska Banka completed at the beginning of 2008).

As of the beginning of 2008 the merger of **Eurizon Financial Group** with Intesa Sanpaolo was effective. As a consequence, the business lines previously under Eurizon Financial Group's control reported directly to Intesa Sanpaolo, as of said date: the insurance business run by EurizonVita (included in Banca dei Territori Division), the asset-gathering activities performed by Banca Fideuram's network of financial advisors serving customers with medium to high savings potential and asset management carried out by Eurizon Capital. As of the end of 2007, this latter business is performed also by Eurizon Investimenti, which comprises the activities attributable to 65% of Nextra Investment Management sold by Banca Intesa to Crédit Agricole in December 2005 and repurchased in December 2007.

Summary of Intesa Sanpaolo Bank Ireland p.l.c.

Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") was incorporated in Ireland on 22nd September, 1987 under the Irish Companies Acts 1963 to 1986 (now the Companies Acts 1963 to 2005, as amended) and has changed its legal name from time to time since its date of incorporation, most recently on 31st August, 2007 to its current legal name. INSPIRE holds a banking licence pursuant to section 9 of the Central Bank Act, 1971. As a fully licensed bank in Ireland, INSPIRE is regulated by the Irish Financial Services Regulatory Authority as a constituent part of the Central Bank and Financial Services Authority of Ireland ("**IFSRA**"). INSPIRE is registered with the Registrar of Companies in Dublin under registration number 125216. Its registered office is located at 3rd floor, KBC House, 4 George's Dock, IFSC Dublin 1 (tel: +353 1 6726 720). INSPIRE is a wholly owned subsidiary of Intesa Sanpaolo and it has no active subsidiaries.

Since its incorporation, INSPIRE has been active in various segments of banking business. Its main activity is international lending to corporate and credit institutions, intra-group lending, management of a portfolio of investment securities and treasury activities.

INSPIRE currently has 28 employees.

Summary of the Notes

Form of Notes

Notes may be issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**"), as specified in the relevant Final Terms. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Currencies

Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Maturities

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

Denominations

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that, subject to any minimum denomination of Notes to be issued by INSPIRE, the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if Notes are denominated in a currency other than Euro, the equivalent amount in such currency).

Redemption

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

Governing law

The Notes and the Trust Deed will be governed by English law, save that the subordination provisions applicable to Intesa Sanpaolo Subordinated Notes and the subordination provisions which relate to the Subordinated Guarantee will be governed by, and construed in accordance with, Italian law and the subordination provisions applicable to INSPIRE Subordinated Notes will be governed by, and construed in accordance with, Irish law.

Listing and admission to trading

The Luxembourg Stock Exchange and/or any other stock exchange (as may be agreed between Intesa Sanpaolo and/or INSPIRE and the relevant Dealer and specified in the relevant Final Terms) or may be unlisted.

Summary of Risk Factors

The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Material risks that may affect either the Issuer's ability to fulfil its obligations under Notes issued under the Programme include risks related to the merger, the Intesa Sanpaolo Group's exposure to credit risk and credit losses, country risk, funding and liquidity risk, issuer and counterparty risk, market risk, currency risk, insurance risks and operational risks. Material risks relating to the structure of a particular issuance of Notes may (depending on the terms of the particular issue) include that the market price of the Notes may be volatile, the Notes may not pay interest or the payment of interest may depend on the market value of other securities, and payment of principal or interest may occur at different times or in a different currency from that expected. Please see the heading "Risk Factors".

Summary Consolidated Financial Information

The following tables present, for information purposes only, certain consolidated annual and half-yearly financial information relating to the Intesa Sanpaolo Group. The annual financial information relating to the years 2005 and 2006 has been derived from the 2006 annual report of Banca Intesa and the half-yearly financial information relating to the first six months of 2007 and 2006 is derived from Intesa Sanpaolo's 2007 half-yearly report. Such financial information has been presented in reclassified form and, furthermore, is not derived directly from the audited consolidated annual financial statements of Banca Intesa or from Intesa Sanpaolo's half-yearly financial statements. Furthermore, (i) the 2005 annual financial information set out below has been restated in order to be more consistent for comparative purposes with the 2006 annual figures (ii) the 2006 half-yearly financial information set out below are relative to Banca Intesa Group. All the financial information below should be read in conjunction with the consolidated annual financial statements of the Banca Intesa Group and half-yearly financial statements of the Intesa Sanpaolo Group, which are incorporated by reference in the Prospectus.

RECLASSIFIED CONSOLIDATED ANNUAL BALANCE SHEETS

Assets	31/12/06	31/12/05 ⁽¹⁾
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Financial assets held for trading	46,328	51,067
Financial assets available for sale	5,518	4,380
Investments held to maturity	2,823	2,810
Due from banks	30,363	27,184
Loans to customers.. .. .	190,830	168,767
Investments in associates and companies subject to joint control	2,183	2,099
Property, equipment and intangible assets.. .. .	4,309	4,279
Tax assets	2,502	3,055
Non-current assets held for sale and discontinued operations.. .. .	69	3,739
Other assets	6,856	6,380
Total Assets	291,781	273,760
Liabilities and Shareholders' Equity	31/12/06	31/12/05 ⁽¹⁾
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Due to banks	39,954	31,760
Direct customer deposits	202,762	187,207
Financial liabilities held for trading	15,648	21,249
Tax liabilities	1,474	1,057
Liabilities associated with non-current assets held for sale and discontinued operations.. .. .	63	3,716
Other liabilities	9,589	8,427
Allowances for specific purpose	3,273	2,819
Share capital	3,613	3,596
Reserves	10,785	9,255
Valuation reserves	1,209	829
Minority interests	852	820
Net income	2,559	3,025
Total Liabilities and Shareholders' Equity	291,781	273,760

(1) Figures restated on a consistent basis, considering changes in the consolidation area.

RECLASSIFIED CONSOLIDATED ANNUAL STATEMENTS OF INCOME

	<i>31/12/06</i> <i>Unaudited</i>	<i>31/12/05⁽¹⁾</i> <i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Net interest income.. .. .	5,778	5,310
Dividends	13	12
Profits (Losses) on investments carried at equity	175	200
Net fee and commission income	3,569	3,430
Profits (Losses) on trading.. .. .	959	620
Other operating income (expenses)	42	33
Operating income.. .. .	10,536	9,605
Personnel expenses	(3,138)	(3,063)
Other administrative expenses.. .. .	(1,780)	(1,705)
Adjustments to property, equipment and intangible assets	(512)	(488)
Operating costs	(5,430)	(5,256)
Operating margin	5,106	4,349
Goodwill impairment	–	(6)
Net provisions for risk and charges	(181)	(393)
Net adjustments to loans	(863)	(740)
Net impairment losses on other assets	(1)	(21)
Profit (Losses) on investments held to maturity and on other investments	114	833
Income (Loss) before tax from continuing operations	4,175	4,022
Taxes on income from continuing operations	(1,347)	(1,017)
Merger and restructuring related charges (net of taxes)	(242)	–
Income (Loss) after tax from discontinued operations	83	154
Minority interests	(110)	(134)
Net income	2,559	3,025

(1) Figures restated on a consistent basis, considering changes in the consolidation area.

RECLASSIFIED CONSOLIDATED HALF-YEARLY BALANCE SHEETS

Assets

	<i>30/06/07</i>	<i>31/12/06⁽¹⁾</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Financial assets held for trading	81,557	46,328
Financial assets designated at fair value through profit and loss	20,987	–
Financial assets available for sale	40,966	5,518
Investments held to maturity	5,971	2,823
Due from banks	63,256	30,363
Loans to customers	332,519	190,830
Investments in associates and companies subject to joint control	3,063	2,183
Property, equipment and intangible assets	8,193	4,309
Tax assets	4,167	2,502
Non-current assets held for sale and discontinued operations	8,831	69
Other assets	13,340	6,856
Merger difference	20,255	–
Total Assets	603,105	291,781

(1) Figures relative to Gruppo Intesa.

Liabilities and Shareholders' Equity

	<i>30/06/07</i>	<i>31/12/06⁽¹⁾</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Due to banks	92,470	39,954
Due to customers and securities issued	346,189	202,762
Financial liabilities held for trading	28,555	15,648
Financial liabilities designated at fair value through profit and loss	28,238	–
Tax liabilities	1,795	1,474
Liabilities associated with non-current assets held for sale and discontinued operations	8,181	63
Other liabilities	17,006	9,589
Technical reserves	21,312	–
Allowances for specific purpose	5,661	3,273
Share capital	6,647	3,613
Reserves	8,424	10,785
Merger reserves	31,093	–
Valuation reserves	1,283	1,209
Minority interests	892	852
Net income.. .. .	5,359	2,559
Total Liabilities and Shareholders' Equity	603,105	291,781

(1) Figures relative to Gruppo Intesa.

RECLASSIFIED CONSOLIDATED HALF-YEARLY STATEMENTS OF INCOME

	<i>30/06/07</i>	<i>30/06/06⁽¹⁾</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Net interest income	4,896	2,328
Dividends and profits (losses) on investments carried at equity	164	87
Net fee and commission income	3,219	1,534
Profits (Losses) on trading	770	488
Income from insurance business	263	–
Other operating income (expenses)	66	21
Operating income	9,378	4,458
Personnel expenses	(2,565)	(1,318)
Other administrative expenses	(1,479)	(774)
Adjustments to property, equipment and intangible assets	(395)	(224)
Operating costs	(4,439)	(2,316)
Operating margin	4,939	2,142
Goodwill impairment	–	–
Net provisions for risks and charges	(193)	(49)
Net adjustments to loans	(645)	(327)
Net impairment losses on other assets	(22)	1
Profits (Losses) on investments held to maturity and on other investments	43	49
Income (Loss) before tax from continuing operations	4,122	1,816
Taxes on income from continuing operations	(1,425)	(581)
Merger and restructuring related charges (net of tax)	(80)	–
Effect of purchase cost allocation (net of tax)	(200)	–
Income (Loss) after tax from discontinued operations	3,006	299
Minority interests	(64)	(58)
Net income	5,359	1,476

(1) Figures relative to Gruppo Intesa, modified in compliance with provisions of IFRS 5.

RISK FACTORS

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

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

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

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

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

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

Risk management

The Intesa Sanpaolo Group attributes great importance to risk management and control as conditions to ensure reliable and sustainable value creation in a context of controlled risk, protect the Group’s financial strength and reputation, permit a transparent representation of the risk profile of its portfolios.

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

The policies relating to risk acceptance are defined by Intesa Sanpaolo’s Statutory Bodies (Supervisory Board and Management Board), with support from specific committees.

Intesa Sanpaolo performs guidance, management and overall control of risks. Group companies operate within the operating limits they have been assigned.

The long experience matured by Intesa and SANPAOLO IMI in risk management techniques enables the Group to use a wide array of metrics and instruments for the measurement and management of risks. In the first months of 2007, they have been involved in a first phase of integration which enabled, among other things, the preparation of a control framework for Group risks, which assesses risks taken on the basis of regulatory and economic prospects, comparison of capital endowment, which allows monitoring of Group capital adequacy and is periodically reported to Top Management.

Risk measurements and their quantification in capital measures provide information for company decisions through the capital allocation system to the business lines and contribute to calculating risk-weighted profitability (RORAC – Return On Risk Adjusted Capital). These risk measurements are therefore a key system to guide operations and to define the financial structure of the Group, maximising return for shareholders.

Credit risk

The banking and financial services business sector could be affected by a number of factors such as general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation and changes in the policies of central banks. From a credit activity point of view, a market decline could change the level of demand for the Group's products and services, and could change the risk to the Group of providing such products and services. Market declines and increased volatility can adversely affect the credit quality of the Group's assets and could increase the risk that a greater number of the Group's customers would default on their loans or other obligations with potential negative implication on the Issuer's ability to repay principal or pay interest.

Intesa Sanpaolo has a set of instruments to ensure analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk. In particular, with loans to customers, rating models have been developed, which categorise the economic sector and size of the counterparty (Corporate, Italian Public Entities, Small Business, Mortgage, Personal Loans).

In recent years, Intesa and SANPAOLO IMI had developed projects in the context of which new credit processes were implemented that, in accordance with the New Basel Accord (Basel 2), provided for the use of internal ratings as an essential part of deliberations on loan granting and management.

The original mission of the Basel 2 Project of both banks was to prepare for the adoption of the advanced approaches from the moment the New Accord came into force at the beginning of 2007. The merger has meant a rescheduling of the Project so as to proceed with the work necessary to integrate models and processes.

Adoption of the advanced models has therefore been postponed until 2008. The ratings are not just a direct instrument to manage and control credit risk, but are also a primary element for managerial control of credit risk, through the credit risk portfolio model, which synthesises the information on asset quality in terms of risk indicators, including expected losses and absorbed capital; the latter may be calculated according to supervisory rules (Basel 1 and Basel 2) or according to internal metrics (economic capital).

Risk and uncertainties connected to the pro forma financial statements included in this Prospectus

This Prospectus contains pro forma consolidated financial information as at and for the six months ended 30th June, 2006 and as at and for the years ended 31st December, 2005 and 2006 representing the effects of the merger and the disposal to Crédit Agricole S.A. of certain subsidiaries and other assets of Banca Intesa.

For an accurate interpretation of the information provided by pro forma figures, it is necessary to note that these are based on the assumption that the merger closed on the date taken as reference for the preparation of the pro forma consolidated figures, instead of the date on which the merger came into legal effect. The pro forma figures are therefore prepared to represent the effects of the merger which may be determined and objectively measured, without considering the potential effects due to variations in management policies and operating decisions following the transaction.

Market risks

The Group's results of operations are dependent to a significant extent on the level of net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are sensitive to many factors beyond the Group's control, such as monetary policies pursued by central banks and national governments, the liberalisation of financial services and increased competition in the markets in which the Group operates, domestic and international economic and political conditions, and other factors.

Changes in interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities, which in turn could affect the level of the Group's net interest income. Moreover, the composition of the Group's assets and liabilities, and any gap position resulting from the composition, causes the Group's net interest income to vary with changes in interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the Group's net interest income and thereby on the Group's results of operations and financial condition.

Trading risk

The activities for the quantification of trading risks are based on daily and periodic estimates of sensitivity of the trading portfolios of Intesa Sanpaolo and Banca IMI, which represent the main portion of the Group's market risks, to adverse market movements relatively to the following risk factors:

- interest rates;
- equities and market indices;
- investment funds;
- foreign exchange rates;
- implicit volatilities;
- spreads in Credit Default Swaps;
- spreads in issued bonds; and
- correlation instruments.

For certain of the abovementioned risk factors, the Supervisory Authority validated the internal models for the regulatory measurement of capital absorption of both Banca Intesa (2001) and Banca Caboto (2003).

In 2004 the model related to Banca Intesa's credit derivatives (credit default swaps) was also validated. The analysis of market risk profiles relative to the trading book uses various quantitative indicators and VaR is the most important. Since VaR (as defined below) is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures to quantify risks from illiquid parameters (dividends, correlation, hedge fund).

Market risk banking book

Market risk originated by the banking book arises primarily in Intesa Sanpaolo and in the main subsidiaries that carry out retail and corporate banking. The banking book also includes exposure to market risks deriving from the equity investments in listed companies not fully consolidated or carried at equity held by Intesa Sanpaolo, FIN.OPI, IMI Investimenti and Sanpaolo IMI Internazionale.

The following methods are used to measure market risks of the Group's banking book:

- Value at Risk (VaR);
- Sensitivity analysis.

Value at Risk is calculated as the maximum "unexpected" potential loss in the portfolio's market value that could be recorded over a ten day holding period with a statistical 99% confidence interval (parametric VaR). VaR is also used to consolidate exposure to financial risks of the various

Group companies which perform banking book activities, thereby taking into account diversification benefits.

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

Furthermore, sensitivity of the interest margin is measured by quantifying the impact on net interest income of a parallel and instantaneous shock in the interest rate curve of ± 100 basis points, over a period of 12 months. Hedging activity of interest rate risk is aimed (i) at protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve or (ii) at reducing the volatility of future cash flows related to a particular asset/liability. The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross currency swaps (CCS) and options on interest rates stipulated by the Parent Company with third parties or with other Group companies (mainly Banca IMI and Banca Caboto), which, in turn, replicate the transaction on the market so that the hedging deals meet the criteria to qualify as IAS compliant for consolidated financial statements. Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first one refers to the fair value hedge of assets and liabilities specifically identified (microhedging), mainly bonds issued or acquired by the bank and loans to customers. Moreover, macro-hedging is carried out on the stable portion of on demand deposits and in order to cover the risk of fair value changes intrinsic in the instalments under accrual generated by floating rate operations. The Bank is exposed to this risk in the period from the date in which the rate is set and the date of payment of the relevant net interests. Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on variable rate funding to the extent that the latter finances fixed-rate investments.

The Risk Management Department is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting, in compliance with international accounting principles.

Operational risk

Operational risk is defined as the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risks include legal risk, that is, the risk of losses deriving from breach of laws or regulations, contractual or out-of-contract responsibilities or other disputes. However, strategic and reputational risks are not included. In recent years, both Intesa and Sanpaolo IMI had commenced projects for the implementation of advanced operational risk management models. Though the adopted approach is similar, the complete integration of the methodological and organisational components requires that the objective of adoption of the advanced models be postponed until 2008.

The Group has a centralised function within the Risk Management Department for the management of the Group's operational risks. This function is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to the Top Management. In compliance with current requirements, the Group's organisational units have been involved into the process and each of them was assigned the responsibility for the identification, assessment, management and mitigation of its operational risks. Specific functions have been identified within these organisational units to be responsible for Operational Risk Management.

The Group's internal model is designed to combine all the main quantitative (historical loss data) and qualitative information sources (scenario analysis).

The quantitative component is based on the statistical analysis of historical loss data, relating to internal or external events (also through the participation in consortium initiatives such as "Database Italiano Perdite Operative" – Italian Operating Loss Database, managed by the Italian Banking Association and Operational Risk Data Exchange Association).

The qualitative component focuses on the assessment of the risk exposure of each unit and is based on the structured collection of subjective estimates aimed at assessment of specific scenarios identified on the basis of event types set out in the New Capital Accord (Basel 2). Capital-at-Risk is therefore identified as the measurement indicator at Group level, net of insurance cover, required to bear the maximum potential loss (worst loss). Capital-at-Risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-Risk of operating losses), applied on quantitative and qualitative data assuming a one-year estimation period, with a level of confidence of 99.96% (99.90% for regulatory measurement).

The Group utilises a traditional operational risk transfer policy (insurance) with the objective of mitigating the impact of any unexpected losses, and thus contributing to the reduction of Capital-at-Risk.

Legal risks

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

Insurance Risk

Life insurance branch

The typical risks of a life insurance portfolio can be divided into three main categories of risk: premium risk, life underwriting risk and reserve risk (quantification of the technical reserves).

Premium risks are protected initially during definition of the technical features and product pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at the portfolio level, including all of the liabilities). During the development of a product, profit testing is used, with the objective of measuring profitability and identifying any weaknesses beforehand. The issuing of a product requires prior authorisation from the Product Committee, whose members include both the managers of the company departments and the General Management, who are presented with the results of the profits tests and sensitivity analyses.

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

Reserve risk is guarded against through the exact calculation of mathematical reserves, with a series of detailed checks (for example, checking that all the variables required for the calculation such as yields, quotations, technical foundations, parameters for the supplementary reserves, and recalculation of the value of single contracts are correctly saved in the system) as well as overall verifications, by comparing results with the estimates produced on a monthly basis. Specific

attention is paid to checking the correct assumption of contracts, by checking the relative portfolio against the reconstruction of movements during the period, divided by purpose, and checking the consistency of the amounts settled compared with the movements of reserves.

The mathematical reserves are calculated on almost the entire portfolio, on a contract-by-contract basis, and the methodology used to determine the reserves takes account of all the future commitments of the company.

Casualty branch

The risks of a casualty insurance portfolio are essentially premium and reserve risk. Premium risks are protected initially during definition of the technical features and product pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at the portfolio level, including all of the liabilities).

Reserve risk is guarded against through the exact calculation of technical reserves. In particular, for companies which exercise casualty branches, technical reserves may be divided into: premium reserve, damage fund, reserve for the participation to profits and reversals, other technical reserves and reserve for equalisation. The premium reserve is divided into the reserve for premium fractions and the reserve for current risks. The reserve is to cover the risks of casualties and the related expenses which could arise after the close of the period within the limits of coverage of the premiums paid by the insured.

The reserve for premium fractions is made up of premiums recorded in the period but which refer to the subsequent periods according to the pro rata temporis method. The reserve for current risks represents a provision which must be allocated if the estimated cost of expected casualties, determined on the basis of a forecasting model, shows that the reserve for premium fractions is insufficient.

The damage fund represents the provision for casualties occurred in the current year and previous years not yet settled at the end of the year. These provisions correspond to the overall amount of sums which, based on a prudent assessment made on the basis of objective elements, are deemed to be necessary to pay the casualties and the related liquidation expenses. The reserve is valued at ultimate cost, to consider all forecastable future charges.

Furthermore, a reserve for equalisation has also been set up for the purpose of normalising the fluctuations of casualty rates in future years for natural disaster risks and other technical reserves to cover risks, especially those taken in the sickness branch for irrevocable multi-year contracts. Regarding the assumption of risk, the policies are checked at the time of purchase, using an automatic system which checks the parameters for assumption associated with the tariff of reference to verify the correspondence of the portfolio with the technical and rate settings agreed with the sales network.

The check not only concerns the form but also the substance and, in particular, allows for verification of the exposure in terms of capital – limits of liability. Subsequently, statistical checks are carried out to verify potentially anomalous situations (such as concentration by area or by type of risk) and to keep under control accumulation at the level of individual persons (with particular reference to policies that provide cover in the accident and sickness branches). This is also carried out in order to provide the Group's insurance office suitable indications of the portfolio characteristics in order to prepare the annual reinsurance plan.

Funding and liquidity risk

An Asset and Liability Management (ALM) system capable of managing hedge accounting consistently with international accounting standards is in place. The search for an optimal balance between the average maturity of loans and deposits, as well as the considerable degree of

diversification both of shorter-term lending contracts and funding counterparties, is enacted via the monitoring of liquidity limits, funding concentration ratios and exposure on the interbank market.

The rules and processes for the management of any emergencies caused by a liquidity crisis are set out in the Contingency Liquidity Plan which is activated in the event of systemic or specific crises (short-or-long term), that are monitored daily by specific indicators.

Issuer and counterparty risk

Issuer risk in its trading portfolio is analysed in terms of mark to market, by aggregating exposures in rating classes and is monitored using a system of operating limits based on both rating classes and concentration indices. Counterparty risk, measured in terms of substitution cost, is monitored both in terms of individual exposures and aggregates.

Foreign exchange risk

Currency risk positions are taken in both trading and non-trading books. As with market risk, the currency risk in the trading books is controlled using VaR limits (see the methodological approach described above), while the structural currency risk in the non-trading books is mitigated by funding the financial operations using the same asset currency.

Country risk

Assessment of creditworthiness of sovereigns is based on an Internal Country Rating model which is used quarterly to update the rating of over 190 countries (at risk and not at risk). This model is based first of all on a quantitative analysis of the ratings issued by the main agencies (Moody's, S&P's and Fitch) and the main macroeconomic indicators for each country. The analysis also includes an indicator for the political situation of the countries analysed and an indicator relative to the perception of country risk by the international financial markets (Moody's Market Implied Rating).

Competition

Competition is intense in all of the Group's primary business areas in Italy and the other countries in which the Group conducts its business, including other European countries and the United States. Downturns in the Italian economy could add to competitive pressure, through, for example, increased price pressure and lower business volumes for Intesa Sanpaolo and its competitors to try to capture.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

Index Linked Notes and Dual Currency Notes

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

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

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Subordinated Notes

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

In addition, the payment obligations of Intesa Sanpaolo under its Upper Tier II Subordinated Notes rank behind its Lower Tier II Subordinated Notes and Tier III Notes. Similarly, the payment obligations of INSPIRE under Upper Tier II Subordinated Notes issued by it rank behind Lower Tier II Subordinated Notes issued by it and the payment obligations of Intesa Sanpaolo under the Subordinated Guarantee of Upper Tier II Subordinated Notes of INSPIRE rank behind its Subordinated Guarantee of Lower Tier II Subordinated Notes of INSPIRE.

The claims of the holders of Intesa Sanpaolo Upper Tier II Subordinated Notes in relation to payments of principal and interest will be reduced to the extent necessary to enable Intesa Sanpaolo to maintain its capital at certain minimum levels required by the Bank of Italy. In addition, the Issuer may defer interest payments on such Notes in certain circumstances where annual or interim dividends are not declared. In addition, Intesa Sanpaolo's payment obligations under Intesa Sanpaolo Tier III Subordinated Notes will be suspended if the Issuer's Total Amount of Regulatory Capital (either on a consolidated or unconsolidated basis) is less than or, following any such payment of principal and interest, would fall to a level lower than the aggregate minimum credit risk capital requirements of the Issuer as required by the Bank of Italy.

The claims of the holders of INSPIRE Upper Tier II Subordinated Notes in relation to payments of principal and interest will be reduced to the extent necessary to enable INSPIRE to continue to trade where it has suffered losses which would prevent it from continuing to trade under applicable law. In addition, the payment obligations of Intesa Sanpaolo under the Subordinated Guarantee of such Notes will be reduced to the extent necessary to enable Intesa Sanpaolo to maintain its capital and certain minimum levels required by the Bank of Italy.

Any reduction or deferral of payments of principal and interest is likely to have an adverse effect on the market price of Upper Tier II Subordinated Notes and/or Tier III Subordinated Notes. In addition, as a result of the payment reduction and deferral provisions described above, the market price of Upper Tier II Subordinated Notes and Tier III Subordinated Notes may be more volatile than the market prices of debt securities which are not subject to such provisions and may be more sensitive generally to adverse changes in the financial condition of Intesa Sanpaolo and the Intesa Sanpaolo Group.

For a full description of the provisions relating to Subordinated Notes and the Subordinated Guarantee, see Conditions 5(b) (*Status - Subordinated Notes issued by Intesa Sanpaolo*), 5(c) (*Status - Subordinated Notes issued by INSPIRE*) and 6(b) (*Status - Subordinated Guarantee*).

Integral multiples of less than €50,000

Subject to any minimum denomination applicable to Notes issued by INSPIRE, in relation to any Notes issued in denominations representing the aggregate of (i) a minimum Specified Denomination of €50,000, plus (ii) integral multiples of another smaller amount, Notes may be traded in amounts which, although greater than €50,000 (or its equivalent in another currency), are not integral multiples of €50,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €50,000 will not receive a definitive Note in respect of such holding (if definitive Notes are printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one of more Specified Denominations.

Risks related to Notes generally

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

Modification, waivers and substitution

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

described in Condition 18 (*Meetings of Noteholders; Modification and Waiver; Substitution, Additional Issues*).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland). If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. However, if a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive. See also "Taxation – EU Savings Directive".

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

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

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

Issuers:	Intesa Sanpaolo S.p.A. Intesa Sanpaolo Bank Ireland p.l.c.
Guarantor:	Intesa Sanpaolo S.p.A. (in respect of Notes issued by INSPIRE)
Joint Arrangers:	Banca IMI S.p.A. Deutsche Bank AG, London Branch
Dealers:	ABN AMRO Bank N.V., Banca IMI S.p.A., Barclays Bank PLC, CALYON, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Dexia Banque Internationale à Luxembourg, société anonyme, acting under the name of Dexia Capital Markets, Dresdner Bank Aktiengesellschaft, Goldman Sachs International, HSBC Bank plc, Intesa Sanpaolo S.p.A., J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, The Royal Bank of Scotland plc, UBS Limited and any other Dealer appointed from time to time by Intesa Sanpaolo and INSPIRE either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	Deutsche Bank AG, London Branch
Principal Registrar, Transfer Agent and Exchange Agent:	Deutsche Bank Luxembourg S.A.
New York Registrar, New York Paying Agent, Foreign Exchange Agent and Transfer Agent:	Deutsche Bank Trust Company Americas
Luxembourg Listing Agent:	Société Européenne de Banque S.A.
Listing and admission to trading:	<p>This document has been approved by the CSSF as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>Pursuant to Article 18 of the Prospectus Directive, the CSSF may at the request of any Issuer, send to the competent authority of another European Economic Area Member State</p>

(i) a copy of this Prospectus; (ii) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (an “**Attestation Certificate**”); and (iii) if so required by such competent authority, a translation of the Summary set out on pages 6 to 14 of this Prospectus. At the date hereof the Issuers have requested the CSSF to send an Attestation Certificate and copy of this Prospectus to IFSRA in its capacity as competent authority in Ireland.

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

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

Clearing Systems: Euroclear Bank S.A./N.V. (“**Euroclear**”), Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”), The Depository Trust Company (“**DTC**”), Monte Titoli S.p.A. (“**Monte Titoli**”) and/or any other clearing system as may be specified in the relevant Final Terms.

Initial Programme Amount: Up to €50,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed (if applicable) at any one time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

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

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

Forms of Notes: Notes may be issued in bearer form (“**Bearer Notes**”) or registered form (“**Registered Notes**”), as specified in the relevant Final Terms. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Bearer Notes

Each Tranche of Notes in bearer form will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. The relevant Final Terms will specify whether each Global Note is to be issued in New Global Note or Classic Global Note form. Each Global Note in bearer form (a “**Bearer Global Note**”) which is intended to be issued in Classic Global Note form will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Bearer Global Note which is intended to be issued in New Global Note form will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

Registered Notes

Notes in registered form which are offered and sold outside the United States in reliance on Regulation S will be represented by interests in a global registered note (the “**Unrestricted Global Note**”). The Unrestricted Global Note will be registered in the name of, and a certificate (the “**Unrestricted Global Note Certificate**”) evidencing such holding will be deposited with, a common depositary of Euroclear and Clearstream, Luxembourg on or about the date of issue of the relevant Tranche.

Notes which are offered and sold in the United States in reliance on Rule 144A (“**Rule 144A Notes**”) will be represented by interests in a global registered note certificate (the “**Restricted Global Note Certificate**” and, together with the Unrestricted Global Note Certificate, the “**Global Note Certificates**”), deposited with a custodian for, and registered in the name of a nominee of, DTC on or about the date of issue of the relevant Tranche. Interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositaries for Euroclear and Clearstream, Luxembourg.

Individual note certificates (“**Individual Note Certificates**”) evidencing holdings of Notes will only be available in certain limited circumstances. See “Form of Notes and Transfer Restrictions relating to U.S. Sales”.

Monte Titoli Notes

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

Guarantee of the Notes:	Under the Trust Deed, Intesa Sanpaolo unconditionally and irrevocably guarantees payment of all amounts due in respect of Notes issued by INSPIRE. See also “— Status of Guarantee” and “— Governing Law”.
Currencies:	Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of Notes:	Notes may be issued either on an unsubordinated basis (“ Unsubordinated Notes ”) or on a subordinated basis (“ Subordinated Notes ”) as described herein.
Unsubordinated Notes:	The status of the Unsubordinated Notes is described in Condition 5(a) (<i>Status – Unsubordinated Notes</i>).
Subordinated Notes:	Notes issued by Intesa Sanpaolo may be issued as Intesa Sanpaolo Lower Tier II Subordinated Notes, Intesa Sanpaolo Upper Tier II Subordinated Notes or Tier III Subordinated Notes (together, “ Intesa Sanpaolo Subordinated Notes ”), all as described in Condition 5(b) (<i>Status – Subordinated Notes issued by Intesa Sanpaolo</i>). Notes issued by INSPIRE may be issued as INSPIRE Lower Tier II Subordinated Notes or INSPIRE Upper Tier II Subordinated Notes (together, the “ INSPIRE Subordinated Notes ”), as described in Condition 5(c) (<i>Status – Subordinated Notes issued by INSPIRE</i>).
Status of Guarantee:	The Guarantee given by Intesa Sanpaolo in respect of Notes issued by INSPIRE will be given either on an unsubordinated basis (“ Unsubordinated Guarantee ”), in the case of Unsubordinated Notes issued by INSPIRE, or on a subordinated basis (“ Subordinated Guarantee ”), in the case of Subordinated Notes issued by INSPIRE, as described in Condition 6 (<i>Status of Guarantee</i>).

Issue Price:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms.
Maturities:	<p>Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>In the case of Intesa Sanpaolo Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Intesa Sanpaolo Subordinated Notes, (i) Intesa Sanpaolo Lower Tier II Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue), (ii) Intesa Sanpaolo Upper Tier II Subordinated Notes must have a minimum maturity of 10 years and (iii) Tier III Subordinated Notes must have a minimum maturity of two years.</p> <p>In the case of INSPIRE Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or any requirements of the IFRSA applicable to the issue of Subordinated Notes, (i) INSPIRE Lower II Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur subject to five years' notice) and (ii) INSPIRE Upper Tier II Subordinated Notes must be of indeterminate duration.</p> <p>Notes issued by Intesa Sanpaolo with an original maturity of less than 18 months are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any), pursuant to Legislative Decree No. 600 of 29th September, 1973, as more fully described under "Taxation" below. Intesa Sanpaolo will not be liable to pay any additional amounts to Noteholders in relation to any such withholding. Any minimum and maximum maturities may be subject to change from time to time as a result of changes to the relevant legal or regulatory requirements.</p>
Redemption:	<p>Notes may be redeemed at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.</p> <p>The redemption of Intesa Sanpaolo Upper Tier II Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on Intesa Sanpaolo maintaining its minimum capital requirements (<i>patrimonio di vigilanza</i>) as prescribed in Title IV, Chapter I of the Bank of Italy's Regulations (<i>istruzioni di vigilanza</i>) immediately following redemption of the Intesa Sanpaolo Upper Tier II Subordinated Notes. If such approval is not given on or prior to the relevant redemption date, Intesa Sanpaolo will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever</p>

means, such required minimum capital. Intesa Sanpaolo will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the due date for redemption will continue to bear interest as provided in the Conditions and the Trust Deed.

INSPIRE Upper Tier II Subordinated Notes (which will have no stated maturity) may only be redeemed at the initiative of INSPIRE (as the case may be) and with the prior agreement of IFSRA. INSPIRE Lower Tier II Subordinated Notes having a stated maturity (which must be a least five years) may be redeemed on their Maturity Date or, if of indeterminate duration, may be redeemed where five years' notice of redemption has been given. Otherwise INSPIRE Lower Tier II Subordinated Notes may only be redeemed with IFSRA's consent, which will only be given where the request is made at INSPIRE's initiative and INSPIRE's solvency is not affected.

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

Optional Redemption:

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

Tax Redemption:

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 11(b) (*Redemption and Purchase – Redemption for tax reasons*). Any such redemption shall be subject, in the case of Intesa Sanpaolo Subordinated Notes, to the prior consent of the Bank of Italy and, in the case of INSPIRE Subordinated Notes, in the circumstances described in "Redemption" above.

Interest:

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

Denominations:

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, (see "Maturities" above) and save that, subject to minimum denominations of Notes to be issued by INSPIRE as described below, the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member

State of the Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or the equivalent amount where the Notes are denominated in a currency other than euro).

So long as the clearing systems so permit, Notes may in certain circumstances and subject to any minimum denomination applicable to Notes issued by INSPIRE be issued in denominations representing the aggregate of (i) a minimum denomination of €50,000, plus (ii) integral multiples of another smaller amount, and such Notes may be traded in amounts which, although greater than €50,000 (or its equivalent in another currency), are not integral multiples of €50,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €50,000 will not receive a definitive Note in respect of such holding (if definitive Notes are printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one of more Specified Denominations.

Notes which are issued or to be issued by INSPIRE (i) which are not listed on a stock exchange and do not mature within two years of the date of issue must have a minimum denomination of €500,000 or its equivalent, and (ii) which are not listed on a stock exchange and mature within two years of the date of issue if denominated in euro must have a minimum denomination of €500,000, if denominated in US Dollars must have a minimum denomination of US\$500,000 or if denominated in a currency other than euro or US Dollars must have a minimum denomination equivalent to €500,000 at the date the Programme is first publicised. In every case (including the foregoing), subject to compliance with all applicable legal and/or tax and/or regulatory and/or central bank requirements.

Negative Pledge:

None. Unsubordinated Notes issued under this Programme prior to 13th October, 2005 have the benefit of a negative pledge provision in the following terms:

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

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

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

- (i) creating or permitting to subsist (a) any Security Interest upon, or with respect to, any of its present or future assets or revenues or any part thereof which is created pursuant to any securitisation, asset backed financing or like arrangement and whereby all payment obligations in respect of the External Indebtedness or any guarantee of or indemnity in respect of the External Indebtedness, as the case may be, secured by such Security Interest or having the benefit of such secured guarantee or other indemnity, are to be discharged solely from such asset or revenues; or
- (ii) permitting to subsist any Security Interest upon or with respect to any assets or revenues which are acquired by the Issuer or (where applicable) the Guarantor subsequent to the date of issue of the first Tranche of the relevant Notes as a consequence of the merger of any entity into or with the Issuer or (where applicable) the Guarantor and which Security Interest is in existence at the time of such acquisition provided that such Security Interest was not created in contemplation of such acquisition or such merger and the principal amount secured at the time of such acquisition is not subsequently increased.”

As used herein:

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

“**Security Interest**” means any mortgage, charge, lien, pledge or other security interest.”

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

issued after 13th October, 2005 will not have the benefit of this provision.

Cross Default:	Unsubordinated Notes will have the benefit of a cross default as described in Condition 14 (<i>Events of Default</i>).
Taxation:	<p>All payments of principal and interest in respect of Notes or made under the Guarantee of the Notes by the relevant Issuer, in case of payments under the Notes, or the Guarantor, in case of payments under the Guarantee, will be made free and clear of withholding taxes in the jurisdiction of incorporation of the relevant Issuer or Guarantor, as the case may be, unless the withholding is required by law. In that event, the relevant Issuer or Guarantor, as the case may be will (subject as provided in Condition 13 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>However, as more fully set out in Condition 13 (<i>Taxation</i>), the relevant Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 on account of substitute tax (<i>imposta sostitutiva</i>, as defined therein) in relation to interest payable in respect of any Notes.</p> <p>In addition, Notes are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any) on: (i) Notes issued by Intesa Sanpaolo with an original maturity of less than 18 months pursuant to Legislative Decree No. 600 of 29 September 1973; and (ii) Notes that qualify as atypical securities (pursuant to Law Decree No. 512 of 30 September 1983, as amended). Intesa Sanpaolo will not be liable to pay any additional amounts to Noteholders in relation to any such withholding, as more fully specified in Condition 13 (<i>Taxation</i>).</p>
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. If so, the wording of the redenomination clause will be set out in full in the applicable Final Terms.
Governing Law:	The Notes and the Trust Deed will be governed by, and construed in accordance with, English law, save that the subordination provisions applicable to Intesa Sanpaolo Subordinated Notes and the subordination provisions which relate to the Subordinated Guarantee will be governed by, and construed in accordance with, Italian law and the subordination provisions applicable to INSPIRE Subordinated Notes will be governed by, and construed in accordance with, Irish law.
Ratings:	Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating be specified in the Final Terms. Such rating will not necessarily be the same as the rating applicable to the Programme. A

rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

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

Transfer Restrictions:

There are restrictions on the transfer of Notes sold pursuant to Rule 144A under the Securities Act.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

- (1) the audited consolidated annual financial statements of Banca Intesa and of Sanpaolo IMI as at and for the years ended 31st December, 2005 and 2006;
- (2) the unaudited consolidated half-yearly financial statements of Intesa Sanpaolo as at and for the six months ended 30th June, 2007;
- (3) the unaudited pro forma consolidated annual balance sheet and income statement information of Intesa Sanpaolo as at and for the year ended 31st December, 2006;
- (4) the annual financial statements of INSPIRE as at and for the years ended 31st December, 2006 and 2005;
- (5) the unaudited half-yearly information of INSPIRE as at and for the six months ended 30th June, 2007;
- (6) the information document published jointly by Banca Intesa and Sanpaolo IMI in connection with the merger between those companies for the purposes of the shareholders' meetings of both companies on 1st December, 2006 (the "**Information Document**") containing, *inter alia*, consolidated unaudited pro forma balance sheet and income statement information of Intesa Sanpaolo as at and for the year ended 31st December, 2005 and as at and for the six months ended 30th June, 2006; and
- (7) the examination reports dated 9th November, 2006 by Reconta Ernst & Young S.p.A., auditors to Intesa Sanpaolo, on the pro forma financial information referred to in (6) above,

save that any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

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

Cross-reference list

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

Banca Intesa - Audited consolidated annual financial statements*Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1*

	<u>2005</u>	<u>2006</u>
Balance sheet.. .. .	pages 118-119	pages 80-81
Statement of income	page 120	page 82
Statement of changes in equity	pages 121-122	pages 83-84
Cash flow statement	page 123	page 85
Accounting policies and explanatory notes	pages 127-306	pages 87-288
Auditors' reports	pages 113-116	pages 76-77
Auditors' report on first-time adoption of IFRS	pages 53-55	N/A

Intesa Sanpaolo - Unaudited consolidated half-yearly financial statement*Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.5*

	<u>2007</u>
Balance sheet	pages 102-103
Statement of income	page 104
Statement of changes in equity	page 105-106
Cash flow statement	page 107
Accounting policies and explanatory notes	pages 109-128 & 133-166
Auditors' review	pages 129-132

Sanpaolo IMI Bank Ireland p.l.c. Audited annual financial statements*Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1*

	<u>2005</u>	<u>2006</u>
Balance sheet	page 14	page 10
Statement of income	page 13	page 9
Statement of changes in equity	page 15	page 11
Cash flow statement	page 16	page 12
Accounting policies and explanatory notes	pages 17-52	pages 16-48
Auditors' report	pages 11-12	pages 7-8

INSPIRE - Unaudited half-yearly financial information*Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.5*

	<u>2007</u>
Balance sheet	page 5
Statement of income	page 4

Sanpaolo IMI - Audited consolidated annual financial statements*Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1*

	<u>2005</u>	<u>2006</u>
Balance sheet	pages 86-87	pages 88-89
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Any other information not listed above but contained in the above documents is incorporated by reference for information purposes only.

FURTHER PROSPECTUSES AND SUPPLEMENTS

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

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

In addition, the Issuers may agree with any Dealer to issue Notes in a form not contemplated in “Form of Final Terms” on page 90. To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Prospectus, a separate prospectus specific to such Tranche (a “**Drawdown Prospectus**”) will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the relevant Issuer and the relevant Notes or (2) pursuant to Article 5.3 of the Prospectus Directive, by a registration document containing the necessary information relating to the relevant Issuer, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

FORMS OF THE NOTES AND TRANSFER RESTRICTIONS RELATING TO U.S. SALES

BEARER NOTES

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

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

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

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

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

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

within 7 days of the bearer requesting such exchange.

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

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

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

Save as described below, where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, so long as the clearing systems so permit and subject to any minimum denomination applicable to Notes issued by INSPIRE, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued and will be tradeable in denominations which represent the aggregate of (i) a minimum denomination of €50,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €50,000 nor more than €99,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

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

Temporary Global Note exchangeable for Definitive Notes

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

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in

respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

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

Permanent Global Note exchangeable for Definitive Notes

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

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

Save as described above, where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, so long as the clearing systems so permit and subject to any minimum denomination applicable to Notes issued by INSPIRE, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued and will be tradeable in denominations which represent the aggregate of (i) a minimum denomination of €50,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €50,000 nor more than €99,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

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

* Delete references to “guarantee” in the case of Notes issued by Intesa Sanpaolo.

REGISTERED NOTES

Each Tranche of Registered Notes will be represented by:

- (i) interests in an Unrestricted Global Note Certificate (in the case of Notes sold outside the United States in reliance on Regulation S under the Securities Act) (“**Unrestricted Notes**”); or
- (ii) interests in a Restricted Global Note Certificate (in the case of Notes sold in reliance on Rule 144A under the Securities Act) (“**Restricted Notes**”).

Each Unrestricted Global Note Certificate will be deposited with a nominee for, and registered in the name of a common depository of, Euroclear and Clearstream, Luxembourg.

Each Restricted Global Note Certificate will be deposited with a custodian for, and registered in the name of a nominee of, DTC. The Restricted Global Note Certificate (and any Individual Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer as described below under “Transfer Restrictions”.

Transfer Restrictions

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate.

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest through an Unrestricted Global Note Certificate, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available) under the Securities Act.

Transfer restrictions will terminate three years after the relevant issue date provided that any Notes purchased by or on behalf of the relevant Issuer, Intesa Sanpaolo (in its capacity as guarantor) or any of their respective affiliates have been cancelled in accordance with Condition 11(i) (*Redemption and Purchase – Cancellation*).

Any interest in either a Restricted Global Note Certificate or an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in the other Global Note Certificate will, upon transfer, cease to be an interest in such Global Note Certificate and become an interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Note Certificate.

The Notes are being offered and sold in the United States only to qualified institutional buyers within the meaning of and in reliance on Rule 144A.

Each purchaser of Notes offered pursuant to Rule 144A will be deemed to have represented and agreed as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (a) the purchaser (i) is a qualified institutional buyer, (ii) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A;
- (b) the purchaser understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Notes and the Guarantee (where applicable) have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below; and
- (c) the purchaser understands that the Restricted Global Note Certificate and any Restricted Individual Note Certificates (as defined below) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY [AND THE GUARANTEE IN RESPECT THEREOF]* HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE RELEVANT ISSUER [AND INTESA SANPAOLO] THAT THE NOTES REPRESENTED HEREBY [AND THE GUARANTEE IN RESPECT THEREOF]* MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER, [INTESA SANPAOLO] OR [ITS/THEIR RESPECTIVE] AFFILIATES.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate bearing the above legend, or upon specific request for removal of the legend, the relevant Issuer will deliver only Individual Note Certificates that bear such legend ("**Restricted Individual Note Certificates**") or will refuse to remove such legend, unless there is delivered to the relevant Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the relevant Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Such transfer restrictions will terminate three years after the relevant issue date provided that any Notes purchased by or on behalf of the relevant Issuer, the Guarantor (if applicable) or any of their respective affiliates have been cancelled in accordance with Condition 11(i) (*Redemption and Purchase – Cancellation*).

Exchange of Interests in Global Note Certificates for Individual Note Certificates

Interests in a Global Note Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event.

For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes represented by a Restricted Global Note Certificate only, DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available, (iii) in the case of Notes represented by a

Restricted Global Note Certificate only, DTC has ceased to constitute a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) or in the case of Notes represented by an Unrestricted Global Note Certificate only, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) at the relevant Issuer’s request. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 20 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Note Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

In such circumstances, the relevant Issuer shall procure the delivery of Individual Note Certificates in exchange for the Unrestricted Global Note Certificate and/or the Restricted Global Note Certificate. A person having an interest in a Global Note Certificate must provide the Registrar (through DTC, Euroclear and/or Clearstream, Luxembourg) with (a) such information as the relevant Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) and (b) (in the case of the Restricted Global Note Certificate only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a qualified institutional buyer and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out above under “Transfer Restrictions”. Such transfer restrictions will terminate three years after the relevant issue date, provided that any Notes purchased by or on behalf of the relevant Issuer, the Guarantor (if applicable) or any of their respective affiliates have been cancelled in accordance with Condition 11(i) (*Redemption and Purchase – Cancellation*).

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued within five business days of the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Global Note Certificate at the Specified Office of the Registrar. Such exchange shall be effected in accordance with the regulations concerning the transfer and registration from time to time relating to the Notes and shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

CONDITIONS APPLICABLE TO GLOBAL NOTES

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

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the

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

Exercise of put option: In order to exercise the option contained in Condition 11(e) (*Redemption at the option of Noteholders*) the bearer of the Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 11(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Global Note may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in their records as either a pool factor or a reduction in principal amount, at their direction).

Notices: Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Global Note and the Global Note is deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. In the case of Notes which are listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, notices to Noteholders shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

LEGEND CONCERNING UNITED STATES PERSONS

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Global Notes, the Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

MONTE TITOLI NOTES

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

TERMS AND CONDITIONS OF THE NOTES

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

1. Introduction

- (a) *Programme:* Intesa Sanpaolo S.p.A. (“**Intesa Sanpaolo**”) and Intesa Sanpaolo Bank Ireland p.l.c. (“**INSPIRE**”) have established a Global Medium Term Note Programme (the “**Programme**”) for the issuance of up to €50,000,000,000 in aggregate principal amount of notes (the “**Notes**”) guaranteed, in respect of Notes issued by INSPIRE, by Intesa Sanpaolo (in this capacity, the “**Guarantor**”).
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of final terms (the “**Final Terms**”) which supplement these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Trust Deed:* The Notes are subject to and have the benefit of an amended and restated trust deed dated 9th January, 2008 (as amended and/or supplemented and/or restated from time to time, the “**Trust Deed**”) made between Intesa Sanpaolo, INSPIRE and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) *Agency Agreement:* The Notes are the subject of an amended and restated paying agency agreement dated 9th January, 2008 (as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) between Intesa Sanpaolo, INSPIRE, the Trustee, Deutsche Bank AG acting through its London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as principal registrar (the “**Principal Registrar**”, which expression includes any successor principal registrar appointed from time to time in connection with the Notes) and the transfer agent (the “**Transfer Agent**”, which expression includes any successor transfer agent appointed from time to time in connection with the Notes) and paying agents and exchange agent named therein (together with the Principal Paying Agent and the Registrar, the “**Agents**”, which expression includes any successor or additional agents appointed from time to time in connection with the Notes).
- (e) *The Notes:* All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection and obtainable free of charge by the public during normal business hours at the Specified Office of the Trustee, the Specified Office of the Principal Paying Agent or, in the case of Registered Notes (as defined in Condition 2 (*Definitions and Interpretation*)) the Registrar and, in any event, at the Specified Office of the Paying Agent in Luxembourg, the initial Specified Office of which is set out below.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Trust Deed and Agency Agreement and are subject to their detailed provisions. Noteholders and Couponholders, if any, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business

hours at the Specified Offices of the Trustee and each of the Paying Agents, the initial Specified Offices of which are set out below.

- (g) *Issuers*: References in these Conditions to “**Issuer**” are to the entity specified as the Issuer in the relevant Final Terms.

2. Definitions and Interpretation

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

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

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

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

“**Bearer Note**” means a Note in bearer form;

“**Business Day**” means:

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

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

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

falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

“Calculation Amount” has the meaning given in the relevant Final Terms;

“Coupon” means an interest coupon relating to a Bearer Note;

“Couponholder” means the holder of a Coupon;

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

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

- (i) if **“Actual/Actual (ICMA)”** is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if **“Actual/365”** or **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **“30/360”** (in respect of Condition 7) is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis

of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

- (vi) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (vii) If “**30/360**” (in respect of Condition 8), “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

Where

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

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

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Guarantee of the Notes**” means the guarantee of the Notes given by the Guarantor in the Trust Deed;

“**Holder**” means a Registered Holder or, as the context requires, the holder of a Bearer Note;

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

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

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

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

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

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

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

“ISDA Definitions” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc.;

“Issue Date” has the meaning given in the relevant Final Terms;

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

“Margin” has the meaning given in the relevant Final Terms;

“Maturity Date” has the meaning given in the relevant Final Terms;

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

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

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

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

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

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

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

“Participating Member State” means a Member State of the European Communities which at any relevant time has adopted the euro as its lawful currency in accordance with the Treaty;

“Payment Business Day” means:

- (i) if the currency of payment is euro, any day which is:

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

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

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

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

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

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

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

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

“Reference Price” has the meaning given in the relevant Final Terms;

“Reference Rate” has the meaning given in the relevant Final Terms;

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

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

“Registered Note” means a Note in registered form;

“Registrar” means the Principal Registrar or, as the case may be, the registrar in New York City (as specified in the Final Terms);

“Regular Period” means:

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

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

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

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

“Relevant Time” has the meaning given in the relevant Final Terms;

“Reserved Matter” has the meaning ascribed thereto in the Trust Deed;

“Specified Currency” has the meaning given in the relevant Final Terms;

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

“Specified Office” has the meaning given in the Trust Deed;

“Specified Period” has the meaning given in the relevant Final Terms;

“Talon” means a talon for further Coupons;

“TARGET Settlement Day” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System is open;

“Treaty” means the Treaty establishing the European Communities, as amended;

“Zero Coupon Note” means a Note specified as such in the relevant Final Terms;

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed; and
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

3. **Form, Denomination and Title**

The Notes are Bearer Notes or Registered Notes, as specified in the relevant Final Terms.

Notes in Bearer Form

Bearer Notes are issued in the Specified Denomination(s) with Coupons (if applicable) and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

Notes in Registered Form

Registered Notes are issued in the Specified Denominations and may be held in holdings equal to the Specified Minimum Amount (specified in the relevant Final Terms) and integral multiples equal to the Specified Increments (specified in the relevant Final Terms) in excess thereof (an “**Authorised Holding**”). The Holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

