

## PROSPECTUS



### **INTESA SANPAOLO S.p.A.**

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

**as Issuer and, in respect of Notes issued by Intesa Sanpaolo Bank Ireland p.l.c., as Guarantor and**

### **INTESA SANPAOLO BANK IRELAND p.l.c.**

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

**as Issuer**

## **€50,000,000,000**

## **Global Medium Term Note Programme**

Under the €50,000,000,000 Global Medium Term Note Programme (the "**Programme**") described in this Prospectus, Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**") and Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") (together, the "**Issuers**" and, each of them, an "**Issuer**") may issue notes ("**Notes**") on a continuing basis to one or more of the Dealers named on page 26 and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"). References in this Prospectus to the "**relevant Dealer**" shall be, in the case of an issue of Notes to more than one Dealer, to the lead manager of such issue and, in the case of an issue of Notes to one Dealer, to such Dealer.

The Notes will be constituted by an amended and restated trust deed dated 9th January, 2008 (as amended, supplemented and/or restated from time to time, the "**Trust Deed**") between the Issuers and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**"). The payments of all amounts due in respect of the Notes issued by INSPIRE ("**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by Intesa Sanpaolo pursuant to the Trust Deed.

Pursuant to the Programme, the Issuers may issue Notes denominated in any currency agreed with the relevant Dealer. Notes issued under the Programme will not have denominations of less than €1,000. The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €50,000,000,000 (or its equivalent in other currencies calculated as described herein).

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" on page 14.**

This Prospectus has been approved as a base prospectus issued in compliance with Directive 2003/71/EC (the "**Prospectus Directive**") by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority in Luxembourg for the purposes of the Prospectus Directive. Application has been made by the Issuers for Notes during the period of twelve months after the date hereof to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. In addition, pursuant to Article 18 of the Prospectus Directive, the Issuers have requested the CSSF to issue a certificate of approval of this Prospectus, together with a copy of this Prospectus, to the Irish Financial Services Regulatory Authority in its capacity as competent authority in Ireland.

The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

*Joint Arrangers*

**Banca IMI  
Deutsche Bank**

*Dealers*

**ABN AMRO  
Barclays Capital  
Citi  
Credit Suisse  
Dexia Capital Markets  
Goldman Sachs International  
Intesa Sanpaolo S.p.A.  
Lehman Brothers  
Morgan Stanley  
The Royal Bank of Scotland**

**Banca IMI  
CALYON Crédit Agricole CIB  
Commerzbank Corporates & Markets  
Deutsche Bank  
Dresdner Kleinwort  
HSBC  
JPMorgan  
Merrill Lynch International  
Natixis  
UBS Investment Bank**

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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

<b>Assets</b>	31/12/06 <i>Unaudited</i>	31/12/05 <sup>(1)</sup> <i>Unaudited</i>
	(in millions of Euro)	
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
<b>Total Assets</b> .. .. .	<b>291,781</b>	<b>273,760</b>
	31/12/06 <i>Unaudited</i>	31/12/05 <sup>(1)</sup> <i>Unaudited</i>
	(in millions of Euro)	
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
<b>Total Liabilities and Shareholders' Equity</b> .. .. .	<b>291,781</b>	<b>273,760</b>

(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<sup>(1)</sup></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
<b>Operating income.. .. .</b>	<b>10,536</b>	<b>9,605</b>
Personnel expenses .. .. .	(3,138)	(3,063)
Other administrative expenses.. .. .	(1,780)	(1,705)
Adjustments to property, equipment and intangible assets	(512)	(488)
<b>Operating costs .. .. .</b>	<b>(5,430)</b>	<b>(5,256)</b>
<b>Operating margin .. .. .</b>	<b>5,106</b>	<b>4,349</b>
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
<b>Income (Loss) before tax from continuing operations .. .. .</b>	<b>4,175</b>	<b>4,022</b>
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)
<b>Net income .. .. .</b>	<b>2,559</b>	<b>3,025</b>

(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<sup>(1)</sup></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	–
<b>Total Assets .. .. .</b>	<b>603,105</b>	<b>291,781</b>

(1) Figures relative to Gruppo Intesa.

### Liabilities and Shareholders' Equity

	<i>30/06/07</i>	<i>31/12/06<sup>(1)</sup></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
<b>Total Liabilities and Shareholders' Equity .. .. .</b>	<b>603,105</b>	<b>291,781</b>

(1) Figures relative to Gruppo Intesa.

## RECLASSIFIED CONSOLIDATED HALF-YEARLY STATEMENTS OF INCOME

	<i>30/06/07</i> <i>Unaudited</i>	<i>30/06/06<sup>(1)</sup></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
<b>Operating income</b> .. .. .	<b>9,378</b>	<b>4,458</b>
Personnel expenses .. .. .	(2,565)	(1,318)
Other administrative expenses .. .. .	(1,479)	(774)
Adjustments to property, equipment and intangible assets .. .. .	(395)	(224)
<b>Operating costs</b> .. .. .	<b>(4,439)</b>	<b>(2,316)</b>
<b>Operating margin</b> .. .. .	<b>4,939</b>	<b>2,142</b>
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
<b>Income (Loss) before tax from continuing operations</b> .. .. .	<b>4,122</b>	<b>1,816</b>
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)
<b>Net income</b> .. .. .	<b>5,359</b>	<b>1,476</b>

(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  $\pm 100$  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  $\pm 100$  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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## GENERAL DESCRIPTION OF THE PROGRAMME

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

Issuers:	Intesa Sanpaolo S.p.A. Intesa Sanpaolo Bank Ireland p.l.c.
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 (“ <b>Unsubordinated Notes</b> ”) or on a subordinated basis (“ <b>Subordinated Notes</b> ”) 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, “ <b>Intesa Sanpaolo Subordinated Notes</b> ”), 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 “ <b>INSPIRE Subordinated Notes</b> ”), 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 (“ <b>Unsubordinated Guarantee</b> ”), in the case of Unsubordinated Notes issued by INSPIRE, or on a subordinated basis (“ <b>Subordinated Guarantee</b> ”), 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 (*Events of Default*).
- Taxation: All payments of principal and interest in respect of Notes or made under the Guarantee of the Notes by the relevant Issuer, in case of payments under the Notes, or the Guarantor, in case of payments under the Guarantee, will be made free and clear of withholding taxes in the jurisdiction of incorporation of the relevant Issuer or Guarantor, as the case may be, unless the withholding is required by law. In that event, the relevant Issuer or Guarantor, as the case may be will (subject as provided in Condition 13 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- However, as more fully set out in Condition 13 (*Taxation*), the relevant Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 on account of substitute tax (*imposta sostitutiva*, as defined therein) in relation to interest payable in respect of any Notes.
- In addition, Notes are subject to a withholding tax at the rate of 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 (*Taxation*).
- Redenomination: The applicable Final Terms may provide that certain Notes may be redenominated in euro. If so, the wording of the redenomination clause will be set out in full in the applicable Final Terms.
- Governing Law: The 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](http://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
Statement of income .. .. .	page 88	pages 90-91
Statement of changes in equity .. .. .	page 90	page 92
Cash flow statement .. .. .	page 91	page 93
Accounting policies and explanatory notes .. .. .	pages 93-306 & 309-331	pages 95-281
Auditors' report .. .. .	pages 307-308	pages 283-284

**Information Document**

*Commission Regulation (EC) No. 809/2004, Annex XI, paragraphs 4.1.5 and 11.7*

Presentation of pro forma figures .. .. .	pages 73-74
Pro forma balance sheet as at 30th June, 2006 .. .. .	pages 75-76
Pro forma income statement for the six months ended 30th June, 2006 .. .. .	page 77
Pro forma balance sheet as at 31st December, 2005 .. .. .	pages 78-79
Pro forma income statement for the year ended 31st December, 2005 .. .. .	page 80
Notes concerning the preparation of pro forma figures .. .. .	pages 81-82

**Auditors' examination reports on pro forma financial information**

*Commission Regulation (EC) No. 809/2004, Annex XI, paragraphs 4.1.5 and 11.7*

Examination report on unaudited consolidated pro forma balance sheet and income statement information as at and for the year ended 31st December, 2005	First 3 pages
Examination report on unaudited consolidated pro forma balance sheet and income statement information as at and for the six months ended 30th June, 2006	Last 3 pages

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

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

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.

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\* 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 REGULATION S 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](http://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

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” 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 D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> 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.

#### 4. Register and Transfers of Registered Notes

- (a) *Register*: The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate will be issued to each Registered Holder in respect of its holding of Notes. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Transfers*: Subject to paragraphs (e) and (f) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (c) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (b) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Registered Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Registered Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Registered Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (d) *No charge*: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, the Guarantor (if applicable), the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (e) *Closed periods*: Registered Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (f) *Regulations concerning transfers and registration*: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Guarantor (if applicable) with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

#### 5. Status of the Notes

##### (a) Status – Unsubordinated Notes

*This Condition 5(a) is applicable in relation to Notes specified in the Final Terms as being unsubordinated or not specified as being subordinated (“Unsubordinated Notes”).*

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

unsubordinated indebtedness and monetary obligations (including deposits) of the Issuer, present and future.

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

*This Condition 5(b) is applicable only in relation to Subordinated Notes issued by Intesa Sanpaolo and specified in the Final Terms as being subordinated (“Intesa Sanpaolo Subordinated Notes”).*

(i) **Status of Intesa Sanpaolo Subordinated Notes**

- (aa) Upper Tier II Subordinated Notes issued by Intesa Sanpaolo (“**Intesa Sanpaolo Upper Tier II Subordinated Notes**”) (*Strumenti Ibridi di Patrimonializzazione*, as defined in Title I, Chapter 2, Section II, paragraph 4.1 of the New Supervisory Regulations for Banks (*Nuove disposizioni di vigilanza prudenziale per le banche*), as set out in Bank of Italy Circular No. 263 of 27th December, 2006 (the “**Bank of Italy Regulations**”) and any related Coupons constitute unconditional and unsecured obligations of Intesa Sanpaolo subordinated as described in the first paragraph of Condition 5(b)(iii). Notes of each Series of Intesa Sanpaolo Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (bb) Lower Tier II Subordinated Notes issued by Intesa Sanpaolo (“**Intesa Sanpaolo Lower Tier II Subordinated Notes**”) (*Passività Subordinate*, as defined in Title I, Chapter 2, Section II, paragraph 4.2 of the Bank of Italy Regulations) and any related Coupons constitute unconditional and unsecured obligations of Intesa Sanpaolo subordinated as described in Condition 5(b)(ii). Notes of each Series of Intesa Sanpaolo Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (cc) Tier III Subordinated Notes issued by Intesa Sanpaolo (“**Tier III Subordinated Notes**”) (Prestiti Subordinati di 3° livello, as defined in Title I, Chapter 2, Section II, paragraph 1.5 of the Bank of Italy Regulations) constitute subordinated obligations of Intesa Sanpaolo as described in Condition 5(b)(iv), and are taken into account for purposes of the calculation of the market risk coverage of Intesa Sanpaolo.
- (dd) In relation to each Series of Intesa Sanpaolo Subordinated Notes all Intesa Sanpaolo Subordinated Notes of such Series will be treated equally and all amounts paid by Intesa Sanpaolo in respect of principal and interest thereon will be paid *pro rata* on all Intesa Sanpaolo Subordinated Notes of such Series.
- (ee) Each Holder of a Intesa Sanpaolo Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Intesa Sanpaolo Subordinated Note.
- (ff) The repayment of the principal and the payment of interest (as defined below) in respect of Intesa Sanpaolo Subordinated Notes are obligations of Intesa Sanpaolo.

(ii) **Special provisions relating to Intesa Sanpaolo Lower Tier II Subordinated Notes**

In the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in Legislative Decree of 1st September, 1993, no. 385 of the Republic of Italy as amended (the “**Consolidated Banking Act**”)), the payment obligations of Intesa Sanpaolo in respect of principal and interest under the

Intesa Sanpaolo Lower Tier II Subordinated Notes will be repaid only after the satisfaction of all unsubordinated creditors of Intesa Sanpaolo and of all creditors holding instruments which are less subordinated than the Intesa Sanpaolo Lower Tier II Subordinated Notes. Lower Tier II Pari Passu Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Intesa Sanpaolo Lower Tier II Subordinated Notes, without any preference or priority. Lower Tier II Junior Creditors (as defined below) rank after the holders of the Intesa Sanpaolo Lower Tier II Subordinated Notes in a bankruptcy, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*.

“**Lower Tier II Pari Passu Creditors**” means the creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights having the same degree of subordination as the Lower Tier II Subordinated Notes, including, but not limited to, (i) holders of INSPIRE Lower Tier II Subordinated Notes (each as defined below); and (ii) creditors of Intesa Sanpaolo holding Tier III Subordinated Notes.

“**Lower Tier II Junior Creditors**” means the creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights ranking more subordinated than the Intesa Sanpaolo Lower Tier II Subordinated Notes (including, but not limited to, subordinated creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the current Bank of Italy Regulations, as “*Strumenti Ibridi di Patrimonializzazione*” or that otherwise are expressed to rank subordinated to the Intesa Sanpaolo Lower Tier II Subordinated Notes or to securities more subordinated than the Intesa Sanpaolo Lower Tier II Subordinated Notes).

(iii) ***Special provisions relating to Intesa Sanpaolo Upper Tier II Subordinated Notes***

In the event of a bankruptcy, dissolution, liquidation or other winding-up of Intesa Sanpaolo, or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* (within the meaning ascribed to that expression by the Consolidated Banking Act and the other relevant laws of the Republic of Italy (hereinafter in these Conditions referred to as “*Liquidazione Coatta Amministrativa*”)), the payment obligations of Intesa Sanpaolo in respect of principal and interest under the Intesa Sanpaolo Upper Tier II Subordinated Notes will be subordinated to the claims of all Senior Creditors (as defined below) so that all such claims are entitled to be satisfied in full before any payments are made in respect of principal and interest under the Intesa Sanpaolo Upper Tier II Subordinated Notes. In a bankruptcy, dissolution, liquidation or other winding-up of Intesa Sanpaolo, or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of Intesa Sanpaolo in respect of principal and interest under the Intesa Sanpaolo Upper Tier II Subordinated Notes will rank *pari passu* with Other Pari Passu Claims (as defined below), and senior to the share capital of Intesa Sanpaolo.

(aa) ***Loss Absorption***

To the extent that Intesa Sanpaolo at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, would require Intesa Sanpaolo to reduce its capital to below the Minimum Capital (as defined below) (as detailed by the Auditors (as defined in the Trust Deed) of Intesa Sanpaolo and certified to the Trustee in accordance with the Trust Deed) the obligations of Intesa Sanpaolo in respect of interest and principal under the Intesa Sanpaolo Upper Tier II Subordinated Notes, whether or not matured, will

be reduced to the extent necessary to enable Intesa Sanpaolo to maintain at least the Minimum Capital in accordance with the requirements of Italian law as detailed by the Auditors of Intesa Sanpaolo and certified to the Trustee in accordance with the Trust Deed.

The amount by which the obligations of Intesa Sanpaolo have been reduced in accordance with this Condition will be reinstated whether or not the maturity date of the relevant obligation has occurred under the following circumstances, as detailed by the Auditors of Intesa Sanpaolo and certified to the Trustee in accordance with the Trust Deed:

- (i) in whole, in the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa* as if such obligations of Intesa Sanpaolo were not so reduced in accordance with this Condition; and
- (ii) in whole or in part, from time to time, to the extent that Intesa Sanpaolo, by reason of its having profits, or by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and would not be required, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, to reduce its capital to below the Minimum Capital.

As further provided in Condition 5(b)(iii)(cc)(ii)(A), in the event of any distribution to the holders of any class of shares of Intesa Sanpaolo being approved or made prior to the full reinstatement of the obligations of Intesa Sanpaolo in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes pursuant to this Condition or the Trust Deed, such obligations shall be reinstated in full whether or not the maturity date of the relevant obligation has occurred forthwith upon such distribution being approved or made.

As further provided in Condition 5(b)(iii)(cc)(i), in the event of Intesa Sanpaolo making or proposing to make any payment of or in respect of amounts of interest or principal or premium or in relation to any Other Pari Passu Claims prior to the full reinstatement of the obligations of Intesa Sanpaolo in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes pursuant to this Condition or the Trust Deed, the obligations of Intesa Sanpaolo in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes shall be reinstated to the extent that Intesa Sanpaolo is able to make payment thereof *pari passu* and *pro rata* with the payments on or in relation to such Other Pari Passu Claims whether or not the maturity date of the relevant obligations has occurred.

For the purposes of these Conditions, “**Minimum Capital**” means the minimum capital required for Intesa Sanpaolo by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy’s authorisation to conduct banking activity.

The Trustee shall be entitled to rely on certificates of the Auditors of Intesa Sanpaolo without further investigation.

(bb) *Arrears of Interest*

On any Optional Interest Payment Date (as defined below) there may be paid (if Intesa Sanpaolo so elects but subject to Condition 5(b)(iii) and the application of Condition 5(b)(iii)(aa)) the interest in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes accrued in the Interest Period ending on the day immediately preceding such date, but (except as provided in Condition 5(b)(iii)(cc)) Intesa Sanpaolo shall not have any obligation to make such payment and any failure to pay shall not constitute a default by Intesa Sanpaolo for any purpose.

Any interest in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes not paid on an Optional Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”.

For the avoidance of doubt, during any period when there are Arrears of Interest due to the Noteholders, the Intesa Sanpaolo Upper Tier II Subordinated Notes shall continue to accrue interest at the relevant Rate of Interest on their original principal amount.

In addition, each amount of Arrears of Interest shall itself bear interest as if it were principal of the Intesa Sanpaolo Upper Tier II Subordinated Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Intesa Sanpaolo Upper Tier II Subordinated Notes in respect of any Interest Period, and the amount of such interest (the “**Additional Interest Amount**”) with respect to each amount of Arrears of Interest shall become due and payable pursuant to paragraph (cc) below and shall be calculated by the Principal Paying Agent by applying the Rate of Interest to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in this Condition 5. The Additional Interest Amount accrued up to any Interest Payment Date shall be added to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest. Arrears of Interest (together with corresponding Additional Interest Amount) shall be payable in accordance with Condition 12 (*Payments*).

(cc) *Payment of Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount) may at the option of Intesa Sanpaolo be paid in whole or in part at any time except that:

- (i) if at any time Intesa Sanpaolo shall make any payment of or in respect of amounts of interest or principal or premium on or in relation to any Other Pari Passu Claims, Arrears of Interest (together with the corresponding Additional Interest Amount) shall become due and payable on the next Interest Payment Date (or, if none, the tenth Business Day) immediately following such payment of or in respect of amounts of interest or principal or premium on or in relation to Other Pari Passu Claims (as provided in Condition 5(b)(iii) and Condition 5(b)(iii)(aa)) *pari passu* and *pro rata* with any other payments of or in respect of interest on or in relation to any Other Pari Passu Claims to the extent that Intesa Sanpaolo has funds available to pay such amount; and
- (ii) all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Intesa Sanpaolo Upper Tier II Subordinated Notes for the time being outstanding shall become due and payable (as provided

in Condition 5(b)(iii) and Condition 5(b)(iii)(aa)) on whichever is the earliest of:

- (A) the Interest Payment Date immediately following the date upon which distribution to the holders of any class of dividend is approved or paid on any share of Intesa Sanpaolo;
- (B) the date on which the Intesa Sanpaolo Upper Tier II Subordinated Notes are to be repaid pursuant to any provision of Condition 11 (*Redemption and Purchase*); and
- (C) the commencement of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or when Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*.

If notice is given by Intesa Sanpaolo of its intention to pay the whole or any part of Arrears of Interest, Intesa Sanpaolo shall (subject to Condition 5(b)(iii) and the application of Condition 5(b)(iii)(aa)) be obliged to do so (together with the corresponding Additional Interest Amount) upon the expiration of such notice.

(dd) *Notice of Interest Deferral, Payment of Arrears of Interest and Loss Absorption*

Intesa Sanpaolo shall give not more than 25 nor less than 15 days' prior notice to the Trustee, the Paying Agents, and to the Noteholders in accordance with Condition 20 (*Notices*):

- (i) of any Optional Interest Payment Date on which, pursuant to the provisions of Condition 5(b)(iii)(bb) above, interest will not be paid;
- (ii) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable;
- (iii) of (1) the amount of principal and of sums which would otherwise be payable as interest in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes which are to be applied to meet the losses of Intesa Sanpaolo pursuant to Condition 5(b)(iii)(aa), (2) the date of such application and (3) details of the nature of such losses; and
- (iv) of (1) the amount of principal and of sums which would otherwise have been payable as interest in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes and which, having been applied to meet the losses of Intesa Sanpaolo pursuant to Condition 5(b)(iii)(aa), are to be reinstated as provided herein, (2) the date of such reinstatement and the date on which the relevant amount shall become due and payable in accordance with these Conditions and (3) details of the event giving rise to such reinstatement.

The information contained in any notice given in accordance with this paragraph (dd) will be available at the specified office of the Principal Paying Agent from the date of the relevant notice.

(ee) *Partial Payment of Arrears of Interest*

If amounts in respect of Arrears of Interest and Additional Interest Amounts become payable:

- (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;

- (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued to the date of payment.

(ff) *Definitions*

For the purposes of this Condition 5(b)(iii):

- (i) the term “**interest**” includes, unless the context requires otherwise, Arrears of Interest and Additional Interest Amounts;
- (ii) “**Optional Interest Payment Date**” means any Interest Payment Date in respect of which:
  - (A) no annual dividend has been approved by the shareholders of Intesa Sanpaolo or paid in respect of any class of shares of Intesa Sanpaolo during the twelve month period ending on the date immediately preceding such Interest Payment Date; or
  - (B) the board of directors of Intesa Sanpaolo has announced at the time of publication of any interim accounts (the “**Interim Accounts**”, which expression includes the semi-annual accounts and any other interim accounts that, according to Italian law applicable at that time, entitle Intesa Sanpaolo to make distributions of interim dividends) of Intesa Sanpaolo published during the two Interest Periods immediately preceding such Interest Payment Date that, based on such Interim Accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends;
- (iii) “**Other Pari Passu Claims**” means claims of creditors of Intesa Sanpaolo which are subordinated so as to rank *pari passu* with the claims of the holders of the Intesa Sanpaolo Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes and of the related Coupons; and
- (iv) “**Senior Creditors**” means (a) all unsubordinated creditors of Intesa Sanpaolo; (b) all creditors of Intesa Sanpaolo whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of Intesa Sanpaolo, but not further or otherwise including, for the avoidance of doubt, all claims of existing and future holders of the Intesa Sanpaolo Lower Tier II Subordinated Notes (“*Passività Subordinate*” within the meaning ascribed to such expression by the Bank of Italy Regulations) and Tier III Subordinated Notes; and (c) all other creditors of Intesa Sanpaolo except the holders of the Intesa Sanpaolo Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in relation to their claims in respect of the Intesa Sanpaolo Upper Tier II Subordinated Notes and of the related Coupons and creditors whose claims rank, or are expressed to rank, *pari passu* with or junior to such claims.

(iv) **Special provisions relating to Tier III Subordinated Notes**

(A) *Ranking*

In the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in the Consolidated Banking Act), the Tier III Subordinated Notes will be repaid, with respect to principal and accrued interest, only after the satisfaction of all unsubordinated creditors of Intesa Sanpaolo and of all creditors holding instruments which are less subordinated than the Tier III Subordinated Notes. Tier III Pari Passu Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Tier III Subordinated Notes, without any preference or priority. Tier III Junior Creditors (as defined below) rank after the holders of the Tier III Subordinated Notes in a bankruptcy, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*.

“**Tier III Pari Passu Creditors**” means the creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights having the same degree of subordination as the Tier III Subordinated Notes, including, but not limited to, creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the applicable Bank of Italy Regulations, as “*Passività Subordinate*” (“**Subordinated Liabilities**”).

“**Tier III Junior Creditors**” means the creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights ranking more subordinated than the Tier III Subordinated Notes (including, but not limited to, subordinated creditors of Intesa Sanpaolo holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the current Bank of Italy Regulations, as “*Strumenti Ibridi di Patrimonializzazione*” or that otherwise are expressed to rank subordinated to the Tier III Subordinated Notes or to securities more subordinated than the Tier III Subordinated Notes).

No Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by Intesa Sanpaolo arising under or in connection with the Tier III Subordinated Notes.

(B) *Lock-in Clause*

(aa) The payment of the sums due with respect to interest and/or principal on Tier III Subordinated Notes will be entirely suspended and deferred, and any such suspension and deferral to pay shall not constitute a default of Intesa Sanpaolo under the Tier III Subordinated Notes and the Trust Deed if, at the time any such payment becomes due:

(A) Intesa Sanpaolo’s Total Amount of Regulatory Capital (as defined below) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of Intesa Sanpaolo, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis; or

(B) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, Intesa Sanpaolo’s Total Amount of Regulatory Capital would become, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of Intesa Sanpaolo, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis.

- (bb) **“Intesa Sanpaolo’s Total Amount of Regulatory Capital” means:**
- (A) on an unconsolidated basis, the aggregate amount of the items stated and defined in (I), (II), (III), (IV), (V), and (VI) below and any additional, replacement and/or adjusted or other items, in each case which may from time to time be required to be included pursuant to the then applicable Bank of Italy Regulations for the purposes of calculating the Issuer’s Total Amount of Regulatory Capital;
  - (B) on a consolidated basis, the aggregate amount of the items listed in (A) above, calculated on a consolidated basis, according to the Bank of Italy Regulations from time to time applicable,
- WHERE:
- (I) taken as a positive figure, the aggregate amount of the regulatory capital of Intesa Sanpaolo (*Patrimonio di Vigilanza*), calculated on an unconsolidated basis, as set forth in the then applicable Bank of Italy Regulations;
  - (II) taken as a positive figure, the aggregate amount of any indebtedness of Intesa Sanpaolo qualified by the Bank of Italy as “*passività subordinate di 3° livello*”, intended to cover the minimum capital requirements for market risks, calculated on an unconsolidated basis (as defined in Title IV, Chapter 3 of the Bank of Italy Regulations or any provision which amends or replaces such definition) in accordance with the following paragraph (III), provided however that the amount of such indebtedness can only be included up to the absolute amount of the following paragraph (III);
  - (III) taken as a negative figure, the minimum capital requirements for market risks of Intesa Sanpaolo, calculated on an unconsolidated basis (as defined in Title IV, Chapter 3 of the Bank of Italy Regulations or any provisions which amends or replaces such definition);
  - (IV) taken as a negative figure, the excess of the limit to the ownership of shareholdings in non-financial companies acquired by Intesa Sanpaolo following the recovery of credits (as defined in Title IV, Chapter 9, Section V of the Bank of Italy Regulations or any provision which amends or replaces such definition);
  - (V) taken as a negative figure, the excess over the limit on the ownership of real estate acquired by Intesa Sanpaolo following the recovery of credits (as defined in Title IV, Chapter 10, Section II of the Bank of Italy Regulations or any provision which amends or replaces such definition);
  - (VI) taken as negative figure, any additional specific capital requirements imposed on Intesa Sanpaolo by the Bank of Italy, to the extent not taken into account in paragraphs (III) to (V).
- (cc) For the purposes of the Tier III Subordinated Notes, Intesa Sanpaolo’s Total Amount of Regulatory Capital is deemed to be equal to or more than the minimum credit risk (*rischio creditizio*) capital requirements of Intesa Sanpaolo as required by the then applicable Bank of Italy Regulations, when:
- (A) Intesa Sanpaolo’s Total Amount of Regulatory Capital, calculated on an unconsolidated basis, is equal to or more than the 7 per cent. (or such other percentage as may be, from time to time, set forth, on an unconsolidated basis, by the Bank of Italy) of the aggregate weighted assets to be comprised in the calculation, on an unconsolidated basis, of the minimum capital requirements of Intesa Sanpaolo (such assets being defined in Title

IV, Chapter 2, Section II of the Bank of Italy Regulations or any provision which amends or replaces such definition); and

- (B) Intesa Sanpaolo's Total Amount of Regulatory Capital, calculated on a consolidated basis, is equal to or more than 8 per cent. (or such other percentage as the Bank of Italy may, from time to time, require on a consolidated basis) of the aggregate weighted assets to be comprised in the calculation of the consolidated minimum capital requirements of the banking group controlled directly or indirectly by Intesa Sanpaolo (such assets being defined in Title IV, Chapter 2, Section III of the Bank of Italy Regulations or any provision which amends or replaces such definition).
- (dd) The obligations of Intesa Sanpaolo to effect the payment of interest (including Tier III Arrears of Interest and Default Interest (each as defined below)) not paid when due and/or to repay principal not repaid when due, in each case in accordance with Condition 5(b)(iv)(B)(aa), will (subject to, and to the extent provided in, Condition 5(b)(iv)(B)(ee)), be reinstated and will start to accrue in whole and as if the payment obligations of Intesa Sanpaolo had never been so suspended (but without prejudice to the subordination provided for in Condition 5(b)(i)):
- (A) in the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*; or
  - (B) in the event that Intesa Sanpaolo's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of Intesa Sanpaolo, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank of Italy Regulations; or
  - (C) in the event that, at any time, Intesa Sanpaolo shall make any payment of or in respect of amounts of interest or principal or premium on or in relation to any other Tier III issue.
- (ee) Where, following any suspension and deferral pursuant to Condition 5(b)(iv)(B)(aa), the obligation to pay interest (including Tier III Arrears of Interest and Default Interest) and/or to repay principal has been reinstated pursuant to Condition 5(b)(iv)(B)(dd)(B), the obligation will become effective at and will be paid on the first Interest Payment Date (or, if none, on the tenth Business Day) immediately following the date of transmission by the Bank of Italy of a Report (as defined below), according to which Intesa Sanpaolo's Total Amount of Regulatory Capital net of amounts to be paid in respect of interest and/or repayment of principal, both on an unconsolidated and consolidated basis, is equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements set forth by the then applicable Bank of Italy Regulations.

If the payment of interest and/or the repayment of principal has been suspended pursuant to the provisions of Condition 5(b)(iv)(B)(aa), the reinstatement of the obligation to make payment and/or repayment in respect thereof pursuant to Condition 5(b)(iv)(B)(dd) shall, where there are insufficient amounts pursuant to the foregoing provisions to make full payment in respect thereof, be made in part as such amounts become so available pursuant to the foregoing provisions in the following order:

- (A) payment of any Default Interest (where not paid in full, Default Interest shall be paid in the order in which it accrued);
- (B) payment of any Tier III Arrears of Interest (where not paid in full, Tier III Arrears of Interest shall be paid in the order in which it accrued);
- (C) payment of interest otherwise due; and
- (D) repayment of principal.

All payments to holders of Tier III Subordinated Notes will be made on a *pro rata* basis.

- (ff) If for any reason (including, but not limited to, merger or any other extraordinary transaction) Intesa Sanpaolo, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, the percentage referred to in Condition 5(b)(iv)(B)(cc)(A) will be the percentage required by the then applicable Bank of Italy Regulations on a unconsolidated basis.
- (gg) If for any reason (including, but not limited to, merger or any other extraordinary transaction) Intesa Sanpaolo, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, all references in this Condition 5(b)(iv) to parameters referred to consolidated figures of Intesa Sanpaolo will be read as references to figures calculated on a unconsolidated basis (but without prejudice to the provisions of Condition 5(b)(iv)(ff) above).
- (hh) *Tier III Arrears of Interest and Default Interest*

Any interest that Intesa Sanpaolo does not pay when due shall constitute, for the purposes of the Tier III Subordinated Notes, “**Tier III Arrears of Interest**”.

Tier III Arrears of Interest not paid by Intesa Sanpaolo in accordance with Condition 5(b)(iv) shall not bear interest, whether default interest or otherwise. In all other cases, Tier III Arrears of Interest not paid by Intesa Sanpaolo when due for reasons other than those provided for in Condition 5(b)(iv), shall accrue default interest (“**Default Interest**”) at the Rate of Interest in accordance with Conditions 7 (*Fixed Rate Note Provisions*) and 8 (*Floating Rate Note and Indexed Interest Note Provisions*) as if references therein to the outstanding nominal amount of a Note were references to the Tier III Arrears of Interest in respect thereof.

Such Default Interest will accrue during the entire period from the date of the failure to pay Tier III Arrears of Interest until the date of their full payment.

- (ii) In these Terms and Conditions:

“**Report**” means the report that Intesa Sanpaolo, under Title IV, Chapter 2, Sections II and III of the Bank of Italy Regulations, is required to send semi-annually to the Bank of Italy for purposes of the control of compliance with minimum regulatory capital requirements, on an unconsolidated and consolidated basis, as of 31st December and 30th June of each fiscal year. For the purposes of these Terms and Conditions, neither the quarterly Report which Italian banks are required to send for the sole purposes of the control of compliance with the minimum regulatory capital requirements on an unconsolidated basis as of 31st March and 30th September of each fiscal year, nor any such other reporting which the Bank of Italy may in the future require to be made, will be taken into account.

- (jj) The Trustee shall be entitled to rely on any notices or reports from Intesa Sanpaolo to the value from time to time of Intesa Sanpaolo's Total Amount of Regulatory Capital without further investigation.

(c) **Status – Subordinated Notes issued by INSPIRE**

*This Condition 5(c) is applicable only in relation to Notes issued by INSPIRE and specified in the Final Terms as being subordinated (“INSPIRE Subordinated Notes”).*

(i) **Status of INSPIRE Subordinated Notes**

- (aa) Upper Tier II Subordinated Notes issued by INSPIRE (“**INSPIRE Upper Tier II Subordinated Notes**”) and any related Coupons constitute unconditional and unsecured obligations of INSPIRE subordinated as described in Condition 5(c)(iii)(aa). Notes of each Series of INSPIRE Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (bb) Lower Tier II Subordinated Notes issued by INSPIRE (“**INSPIRE Lower Tier II Subordinated Notes**”) and any related Coupons constitute unconditional and unsecured obligations of INSPIRE subordinated as described in Condition 5(c)(ii). Notes of each Series of INSPIRE Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (cc) In relation to each Series of INSPIRE Subordinated Notes, all INSPIRE Subordinated Notes of such Series will be treated equally and all amounts paid by INSPIRE in respect of principal and interest thereon will be paid *pro rata* on all INSPIRE Subordinated Notes of such Series.
- (dd) Each Holder of an INSPIRE Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy that it might otherwise have, under the laws of any jurisdiction, in respect of such INSPIRE Subordinated Note.
- (ee) The repayment of principal and the payment of interest in respect of INSPIRE Subordinated Notes are obligations of INSPIRE.

(ii) **Special Provisions relating to INSPIRE Lower Tier II Subordinated Notes**

In the event of a bankruptcy or liquidation of INSPIRE, claims against INSPIRE in respect of INSPIRE Lower Tier II Subordinated Notes (“**INSPIRE Lower Tier II Claims**”) will rank:

- (aa) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the INSPIRE Lower Tier II Claims;
- (bb) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the INSPIRE Lower Tier II Claims;
- (cc) ahead of all claims of subordinated creditors that are more subordinated than the INSPIRE Lower Tier II Claims (which will include INSPIRE Upper Tier II Claims (as defined below)) and all claims in respect of the share capital of INSPIRE.

All claims of subordinated creditors that have the same degree of subordination as the INSPIRE Lower Tier II Claims will be satisfied together and *pro rata* with the holders of the INSPIRE Lower Tier II Subordinated Notes, without any preference or priority.

(iii) **Special Provisions relating to INSPIRE Upper Tier II Subordinated Notes**

(aa) *Subordination*

In the event of a bankruptcy or liquidation of INSPIRE, claims against INSPIRE in respect of INSPIRE Upper Tier II Subordinated Notes ("**INSPIRE Upper Tier II Claims**") will rank:

- (A) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the INSPIRE Upper Tier II Claims (which will include INSPIRE Lower Tier II Claims);
- (B) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the INSPIRE Upper Tier II Claims; and
- (C) ahead of all claims in respect of the share capital of INSPIRE.

All claims of subordinated creditors that have the same degree of subordination as the INSPIRE Upper Tier II Claims will be satisfied together and *pro rata* with the holders of the INSPIRE Upper Tier II Subordinated Notes, without any preference or priority.

(bb) *Deferral of interest*

Notwithstanding the terms of any other Condition or provisions of, or relating to, the INSPIRE Upper Tier II Subordinated Notes, INSPIRE shall not have any obligation to pay interest accrued in respect of such Notes and any failure to pay such interest shall not constitute a default of INSPIRE for any purpose.

(cc) *Loss absorption*

To the extent that INSPIRE at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent INSPIRE from continuing to trade (as determined by INSPIRE, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of INSPIRE in respect of interest and principal under the INSPIRE Upper Tier II Subordinated Notes, whether or not matured, will be reduced to the extent necessary to enable INSPIRE to continue to trade in accordance with the requirements of law (as determined by the directors of INSPIRE, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if INSPIRE would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by INSPIRE, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the below, be deemed to cease should INSPIRE become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process and the obligations of INSPIRE under the INSPIRE Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with this Condition. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and INSPIRE to continue to trade (as determined by INSPIRE, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in

accordance with the Trust Deed), the obligations of INSPIRE under the INSPIRE Upper Tier II Subordinated Notes shall be deemed to be reduced.

The Trustee shall be entitled to rely on certificates of INSPIRE in this regard without further investigation.

## 6. Status of the Guarantee

### (a) Status – Unsubordinated Guarantee

*This Condition 6(a) is applicable in relation to Unsubordinated Notes.*

The obligations of the Guarantor under the Unsubordinated Guarantee of the Notes constitute direct, general, unconditional and unsecured obligations of the Guarantor and rank equally (subject to any obligation preferred by any applicable law) with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Guarantor (present and future).

### (b) Status – Subordinated Guarantee

*This Condition 6(b) is applicable in relation to INSPIRE Subordinated Notes guaranteed by Intesa Sanpaolo on a subordinated basis.*

The obligations of Intesa Sanpaolo under the Subordinated Guarantee in respect of INSPIRE Subordinated Notes constitute unconditional, unsecured and subordinated obligations of Intesa Sanpaolo.

### (i) **Special provisions relating to a guarantee on a subordinated basis in respect of Notes described as INSPIRE Upper Tier II Subordinated Notes**

In the event of a bankruptcy, dissolution, liquidation or other winding-up of Intesa Sanpaolo, or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* (within the meaning ascribed to that expression by the Consolidated Banking Act and the other relevant laws of the Republic of Italy (hereinafter in these Conditions referred to a “**Liquidazione Coatta Amministrativa**”)), the payment obligations of Intesa Sanpaolo under the Subordinated Guarantee will be subordinated to the claims of all Senior Creditors (as defined below) so that all such claims are entitled to be satisfied in full before any payments are made in respect of principal and interest under the Subordinated Guarantee of the INSPIRE Upper Tier II Subordinated Notes. In a bankruptcy, dissolution, liquidation or other winding-up of Intesa Sanpaolo, or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of Intesa Sanpaolo under the Subordinated Guarantee of the INSPIRE Upper Tier II Subordinated Notes will rank *pari passu* with Other Pari Passu Claims (as defined below), and senior to the share capital of Intesa Sanpaolo.

For the purposes of this Condition 6(b)(i):

“**Senior Creditors**” means (a) all unsubordinated creditors of Intesa Sanpaolo; (b) all creditors of Intesa Sanpaolo whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of Intesa Sanpaolo, but not further or otherwise including, for the avoidance of doubt, all claims of existing and future holders of Intesa Sanpaolo Lower Tier II Subordinated Notes (“*Passività Subordinate*” within the meaning ascribed to such expression by the Bank of Italy Regulations (“*Istruzioni di Vigilanza*”)); and (c) all other creditors of Intesa Sanpaolo, except the holders of the INSPIRE Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in relation to their claims in respect of the Subordinated Guarantee of the INSPIRE Upper Tier II Subordinated Notes and creditors whose claims rank, or are expressed to rank, *pari passu* with or junior to such claims.

**“Other Pari Passu Claims”** means claims of creditors of Intesa Sanpaolo, which are subordinated so as to rank *pari passu* with the claims of the holders of the INSPIRE Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in respect of the Subordinated Guarantee of the INSPIRE Upper Tier II Subordinated Notes.

(aa) *Loss Absorption*

To the extent that Intesa Sanpaolo at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, would require Intesa Sanpaolo to reduce its capital to below the Minimum Capital (as defined herein) (as detailed by the Auditors of Intesa Sanpaolo and certified to the Trustee in accordance with the Trust Deed) the obligations of Intesa Sanpaolo under the Subordinated Guarantee of the Notes, whether matured or not, will be reduced to the extent necessary to enable Intesa Sanpaolo to maintain at least the Minimum Capital in accordance with the requirements of law as detailed by the Auditors of the Guarantor and certified to the Trustee in accordance with the Trust Deed.

The amount by which the obligations of Intesa Sanpaolo have been reduced in accordance with this Condition will be reinstated whether or not the maturity date of the relevant obligation has occurred under the following circumstances, as detailed by the Auditors of Intesa Sanpaolo and certified to the Trustee in accordance with the Trust Deed:

- (i) in whole, in the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa* and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa* as if such obligations of Intesa Sanpaolo were not so reduced in accordance with this Condition; and
- (ii) in whole or in part, from time to time, to the extent that Intesa Sanpaolo, by reason of its having profits, or by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and would not be required, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, to reduce its capital to below the Minimum Capital.

As further provided in Condition 6(b)(cc)(ii)(A), in the event of any distribution to the holders of any class of shares of Intesa Sanpaolo being approved or made prior to the full reinstatement of the obligations of Intesa Sanpaolo in respect of the INSPIRE Upper Tier II Subordinated Notes pursuant to this Condition or the Trust Deed, such obligations shall be reinstated in full whether or not the maturity date of the relevant obligation has occurred forthwith upon such distribution being approved or made.

As further provided in Condition 6(b)(cc)(i), in the event of Intesa Sanpaolo making or proposing to make any payment of or in respect of amounts of interest or principal or premium or in relation to any Other Pari Passu Claims prior to the full reinstatement of the obligations of Intesa Sanpaolo under the Subordinated Guarantee of the INSPIRE Upper Tier II Subordinated Notes pursuant to this Condition or the Trust Deed, the obligations of Intesa Sanpaolo under the Subordinated Guarantee shall be reinstated to the extent that Intesa Sanpaolo is able to make payment thereof *pari passu* and *pro rata* with the payments on or in relation to such Other Pari Passu Claims whether or not the maturity date of the relevant obligations has occurred.

The Trustee shall be entitled to rely on certificates of the Auditors of Intesa Sanpaolo without further investigation.

**(ii) *Special provisions relating to a guarantee on a subordinated basis in respect of Notes described as INSPIRE Lower Tier II Subordinated Notes***

In the event of a bankruptcy, dissolution, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of Intesa Sanpaolo under the Subordinated Guarantee of the INSPIRE Lower Tier II Subordinated Notes will be repaid only after the satisfaction of all unsubordinated creditors of Intesa Sanpaolo and of all creditors holding instruments which are less subordinated than the INSPIRE Lower Tier II Subordinated Notes. Lower Tier II Pari Passu Creditors (as defined in Condition 5(b)(ii)) will be satisfied together and *pro rata* with the holders of the relevant INSPIRE Lower Tier II Subordinated Notes and the beneficiaries under the Subordinated Guarantee of the INSPIRE Lower Tier II Subordinated Notes, without any preference or priority. Lower Tier II Junior Creditors (as defined in Condition 5(b)(ii)) rank after the INSPIRE Lower Tier II Subordinated Notes, and the beneficiaries under the Subordinated Guarantee of such Notes in a bankruptcy, liquidation or winding-up of Intesa Sanpaolo or in the event that Intesa Sanpaolo becomes subject to an order for *Liquidazione Coatta Amministrativa*.

**7. Fixed Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Fixed Rate Note is the multiple of the Calculation Amount, the Amount of interest payable in respect of such Fixed Rate Note shall be the multiple of the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

## 8. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 8 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8(b) (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for deposits in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or, as the case may be, the arithmetic mean last determined in relation to the Notes in respect of the immediately preceding Interest Period for which such rate or arithmetic mean was determined.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit rounded upwards). For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note is the multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amounts (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.
- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Guarantor (where applicable), the Trustee, the Paying Agents and each stock

exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 20 (*Notices*). The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

- (j) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor (where applicable), the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (k) *Determination or Calculation by Trustee*: If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee will make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantor (where applicable), the Noteholders and the Couponholders.

## **9. Zero Coupon Note Provisions**

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

## **10. Dual Currency Note Provisions**

- (a) *Application*: This Condition 10 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Rate of Interest*: If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

## 11. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will (subject as mentioned below with respect to certain Subordinated Notes) be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments*).

- (i) 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 the Issuer maintaining the minimum capital requirements (*patrimonio di vigilanza*) as prescribed in Title IV, Chapter I of the Bank of Italy Regulations immediately following redemption of the Intesa Sanpaolo Upper Tier II Subordinated Notes. If such approval is not given on or prior to the Maturity Date or early redemption date pursuant to the provisions of this Condition, the Issuer will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital and shall promptly notify the Noteholders in accordance with Condition 20 (*Notices*). The Issuer will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest as provided in Conditions 7(b) and 8(b) (*Accrual of interest*).

The redemption of Tier III Subordinated Notes will be subject to the satisfaction of the conditions set out in Condition 5(b)(iv).

- (ii) Notwithstanding the terms of any other Condition or provisions of, or relating to, the INSPIRE Subordinated Notes, the redemption of:
- (A) INSPIRE Upper Tier II Subordinated Notes at any time; and
- (B) INSPIRE Lower Tier II Subordinated Notes having:
- (1) an original maturity of at least five years before the Maturity Date; or
- (2) no fixed maturity in circumstances where five years' notice of redemption has not been given,

shall always be subject to the prior consent of IFSRA and any failure by INSPIRE, as the case may be, to redeem any such Notes where such consent has not been granted shall not constitute a default of INSPIRE, as the case may be, for any purpose. Consent to redemption is at the discretion of IFSRA but will not be granted at the initiative of the Noteholder or where the solvency of INSPIRE, as the case may be, would be affected.

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part (but subject to the prior approval of the Bank of Italy in the case of Intesa Sanpaolo Subordinated Notes and to the provisions of Condition 11(a)(ii) above in the case of INSPIRE Subordinated Notes):

- (i) at any time (if neither the Floating Rate Note Provisions, the Dual Currency Note Provisions, or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions, the Dual Currency Note Provisions, or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

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

- (A) (1) the Issuer satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy, in the case of Intesa Sanpaolo, or Ireland, in the case of INSPIRE, or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor (where applicable) satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or (if a demand were made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

At least 15 days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Trustee and conclusive and binding on the Noteholders). Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b).

- (c) *Redemption at the option of the Issuer.* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part (subject to the prior approval of the Bank of Italy, in the case of Intesa Sanpaolo Subordinated Notes and to the provisions of Condition 11(a)(ii) above in the case of INSPIRE Subordinated Notes) on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:*
  - (i) Partial redemption of Bearer Notes:

If Bearer Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed, and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(ii) *Partial Redemption of Registered Notes:*

If Registered Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Option Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date.

(e) *Redemption at the option of Noteholders:*

*This provision is not applicable to Subordinated Notes.*

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Agent such Note together, in the case of Bearer Notes, with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The Agent with which a Note is so deposited shall immediately notify the Issuer and shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition 11(e), the depositor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.

(f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.

(g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 11(g) or, if none is so specified, a Day Count Fraction of Actual/Actual (or 30/360 if such request is made to and accepted by the respective Issuer).

(h) *Purchase:* The Issuer and the Guarantor (where applicable) may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Notes may be held, resold or, at the option of the purchaser,

surrendered to any Paying Agent for cancellation. Any purchase by the Issuer or Guarantor of Subordinated Notes is subject to the provisions of the Bank of Italy in the case of Intesa Sanpaolo Subordinated Notes and, in the case of INSPIRE Subordinated Notes, subject to the consent of IFSRA and at the initiative of INSPIRE.

- (i) *Cancellation*: All Notes so redeemed by the Issuer or the Guarantor (where applicable) and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 12. Payments

### *Payments under Bearer Notes*

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest*: Payments of interest shall, subject to Condition 12(h) (*Payments other than in respect of Matured Coupons*) be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer and (where applicable) the Guarantor have appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment on redemption without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment such missing Coupons shall become void.

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

- (f) *Unmatured Coupons void:* If the relevant Final Terms specifies that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(e) (*Redemption at the option of Noteholders*), Condition 11(c) (*Redemption at the option of the Issuer*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by Condition 12(c) (*Payments in New York City*) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

#### *Payments under Registered Notes*

- (a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency.
- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency and, in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of any Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Registered Holders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a business day, for

value the next succeeding business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Registered Holder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition arriving after the due date for payment or being lost in the mail. In this paragraph, “**business day**” means:

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

and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

### 13. Taxation

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons (if any) by or on behalf of the Issuer and, where applicable, the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, present or future, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or Ireland (where the Issuer is INSPIRE) or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any payment of any interest or principal either:
  - (i) (in respect of payments by Intesa Sanpaolo) for or on account of Imposta Sostitutiva (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 (as amended), the “**Legislative Decree No. 239**”) or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21st November, 1997 (as amended by Italian Legislative Decree No. 201 of 16th June, 1998) (as any of the same may be amended or supplemented) or any related implementing regulations and in all circumstances in which the procedures set forth in Legislative Decree No. 239 in order to benefit from a tax exemption have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of Intesa Sanpaolo or its agents; or
  - (ii) with respect to any Notes or Coupons presented for payment:
    - (A) in the Republic of Italy (in respect of Notes issued by Intesa Sanpaolo) or (in respect of Notes issued by INSPIRE) Ireland; or
    - (B) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the

Republic of Italy (in respect of Notes issued by Intesa Sanpaolo) or (in respect of Notes issued by INSPIRE) Ireland other than the mere holding of such Note or Coupon; or

- (C) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making, or procuring, a declaration of non-residence or other similar claim for exemption but has failed to do so; or
  - (D) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such Note or Coupon for payment on such thirtieth day assuming that day to have been a Business Day; or
  - (E) (in respect of Notes issued by Intesa Sanpaolo) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a tax haven country (as defined and listed in the Ministry of Finance Decree of 23rd January, 2002 as amended from time to time) or which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy; or
  - (F) (in respect of Notes issued by Intesa Sanpaolo) in respect of any Notes having an original maturity (being the period from an including the Issue Date to but excluding the Maturity Date) of less than eighteen months, where such withholding is required pursuant to Italian Presidential Decree No. 600 of 29th September, 1973, as amended or supplemented from time to time; or
  - (G) in respect of Notes classified as atypical securities where such withholding or deduction is required under Law Decree No. 512 of 30th September, 1983, as amended and supplemented from time to time; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to a Paying Agent in another Member State of the European Union.
- (b) *Taxing jurisdiction:* If the Issuer or (if applicable) the Guarantor becomes subject at any time to any taxing jurisdiction other than the Republic of Italy or Ireland, references in these Conditions to the Republic of Italy or Ireland shall be construed as references to the Republic of Italy or Ireland and/or such other jurisdiction.

#### **14. Events of Default**

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

*This Condition 14(a) is applicable only in relation to Unsubordinated Notes.*

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

Noteholders) give written notice to the Issuer and, where applicable, the Guarantor declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest without further action or formality:

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

or on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or

- (vi) *Security enforced*: the security for any debenture, mortgage or charge securing indebtedness in excess of €50,000,000 (or its equivalent in any other currency or currencies) of the Issuer or, where applicable, the Guarantor shall become enforceable and the holder or holders thereof shall take any legal proceedings to enforce the same; or
- (vii) *Cross-default of the Issuer/Guarantor*: any Indebtedness for Borrowed Money of the Issuer or, where applicable, the Guarantor, or any guarantee or indemnity given by the Issuer or, where applicable, the Guarantor in respect of any Indebtedness for Borrowed Money of any other person, where the aggregate principal amount (including any premium payable on repayment or at maturity) is in excess of €50,000,000 (or its equivalent in any other currency or currencies) (a) in the case of any such guarantee or indemnity, shall not be honoured when due and called or (b) in the case of any Indebtedness for Borrowed Money either (i) shall become repayable prior to the due date for payment thereof by reason of default (howsoever described) by the Issuer or, where applicable, the Guarantor or (ii) shall not be paid on the due date for repayment or shall not be repaid at maturity as extended by any applicable grace period therefor, as the case may be; or
- (viii) *Breach of other obligations*: default is made by the Issuer or, where applicable, the Guarantor in the performance or observance of any obligation, condition or provision binding on it under these Conditions, the Trust Deed or the Agency Agreement (other than any obligation for payment of any principal moneys or interest in respect of the Notes) and (except in any case where the default is incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) such default continues for 30 days after written notice thereof addressed to the Issuer or, where applicable, the Guarantor by the Trustee has been delivered to the Issuer or, where applicable, the Guarantor requiring the same to be remedied; or
- (ix) *Guarantee of the Notes*: where applicable, the Guarantee of the Notes is not, or is claimed by the Guarantor not to be, in full force and effect.

In these Conditions, “**Approved Reorganisation**” means a solvent and voluntary reorganisation involving, alone or with others, the Issuer or, as applicable, the Guarantor, and whether by way of consolidation, amalgamation, merger, transfer of all or substantially all of its business or assets, or otherwise provided that the principal resulting, surviving or transferee entity (a “**Resulting Entity**”) is a banking company and effectively assumes all the obligations of the Issuer or, as applicable, the Guarantor, under, or in respect of, the Notes or, as applicable, the Guarantee of the Notes.

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

*This Condition 14(b) is applicable only in relation to Subordinated Notes.*

- (i) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer and (if applicable) the Guarantor as it may think fit to enforce any obligation, condition or provision binding on the Issuer or (if applicable) the Guarantor, under the Trust Deed or in relation to the Notes provided that the Issuer or (if applicable) the Guarantor, shall not by virtue of the institution of any such proceedings, other than proceedings for the bankruptcy, dissolution, liquidation, or winding-up of (a) Intesa Sanpaolo in the Republic of Italy (where Intesa Sanpaolo is the Issuer or the Guarantor) or (b) INSPIRE in Ireland (where INSPIRE is the Issuer) or (c) in the Republic of Italy for an order for *Liquidazione Coatta Amministrativa* in respect of

Intesa Sanpaolo, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

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

- (ii) The Trustee may, at its discretion, or if so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (subject to the Trustee having been indemnified or provided with security to its satisfaction), shall give written notice to the Issuer and, where applicable, the Guarantor declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their original outstanding principal amount on issue together with interest accrued as provided in the Trust Deed upon the occurrence of any of the following events (each an “**Event of Default**”):
- (a) the Issuer or, if applicable, the Guarantor fails to pay any amount of principal or interest on the date on which the same has become due and payable in accordance with these Conditions and/or the Trust Deed; or
  - (b) save in the case of INSPIRE Upper Tier II Subordinated Notes where Condition 5(c)(iii)(bb) applies, on any Interest Payment Date that is not an Optional Interest Payment Date, the Issuer or, if applicable, the Guarantor fails to pay interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date; or
  - (c) in the event of the bankruptcy, dissolution, liquidation or winding-up of the Issuer or (where applicable) the Guarantor or if (where applicable) the Guarantor becomes subject to an order for *Liquidazione Coatta Amministrativa* (otherwise than for the purpose of an Approved Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders).
- (iii) No remedy against the Issuer or (where applicable) the Guarantor other than (i) as provided by this Condition 14(b) or (ii) the instituting of proceedings for the bankruptcy, dissolution, liquidation or winding-up of the Issuer or (where applicable) the Guarantor or for an order for *Liquidazione Coatta Amministrativa* in respect of the Guarantor shall be available to the Trustee on behalf of the Noteholders or the Couponholders whether for the recovery of amounts owing under or in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer or (where applicable) the Guarantor of any of its obligations under the Trust Deed or in relation to the Notes or the Coupons or otherwise.
- (iv) No Noteholder or Couponholder shall be entitled to proceed against the Issuer or (where applicable) the Guarantor unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure shall be continuing and only to the extent that the Trustee would have been entitled to do so.

## 15. Prescription

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

## 16. Replacement of Notes and Coupons

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

## 17. Trustee and Agents

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

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

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

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

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

## 18. Meetings of Noteholders; Modification and Waiver; Substitution; Additional Issuers

- (i) The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions, the terms of the Notes, and the Trust Deed. The modification of certain terms, including, *inter alia*, the status of the Notes and the Coupons, the rate of interest payable in respect of the Notes, the principal amount thereof, the currency of payment thereof, the date for repayment of the Notes and any date for payment of, or the method of determining the rate of, interest thereon, may only be effected at a meeting of Noteholders to which special quorum provisions apply. Any resolution duly passed at a meeting of Noteholders shall be binding on all the Noteholders and all the Couponholders, whether present or not.
- (ii) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (except as aforesaid) of these Conditions, the Trust Deed, the Notes, and the Coupons and may waive or authorise any breach or proposed breach by the Issuer or, where applicable, the Guarantor of any of the provisions of these Conditions, the Trust Deed, the Notes, and the Coupons which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders and may agree, without consent as aforesaid, to any modification which is of a formal, minor or technical nature or is made to correct a manifest error.
- (iii) The Trustee may (and in the case of an Approved Reorganisation shall) agree with the Issuer (or any previous substitute) and the Guarantor at any time without the consent of the Noteholders or Couponholders:
  - (a) to the substitution in place of INSPIRE (or of any previous substitute) as principal debtor under the Notes, the Coupons and the Trust Deed by Intesa Sanpaolo or another subsidiary of Intesa Sanpaolo (the “**Substitute**”); or
  - (b) to an Approved Reorganisation; or
  - (c) that INSPIRE (or any previous substitute) or Intesa Sanpaolo may, other than by means of an Approved Reorganisation, consolidate with, merge into or amalgamate with any Successor Company (as defined in the Trust Deed),

provided that:

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

Upon the assumption of the obligations of an Issuer by a Substitute or of an Issuer by a Resulting Entity or of an Issuer by a Successor Company, INSPIRE or, as the case may be, Intesa Sanpaolo shall (subject to the provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the Notes or the Coupons.

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

The Trust Deed provides that any such substitution, Approved Reorganisation or consolidation, merger or amalgamation shall be notified to the Noteholders in accordance with Condition 20 (*Notices*). In the case of a substitution, the relevant Issuer shall notify the Luxembourg Stock Exchange thereof and prepare, or procure the preparation of, a supplement to the Base Prospectus in respect of the Programme.

- (iv) In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, replacement, transfer or substitution as aforesaid):
  - (a) the Trustee shall have regard to the interests of the Noteholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory; and
  - (b) the Trustee shall not be entitled to claim from the Issuer or, where applicable, the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for by Condition 13 (*Taxation*) or by any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.
- (v) The Trustee may also agree, without the consent of the Noteholders or the Couponholders, to the addition of another company as an issuer of Notes under the Programme and the Trust Deed. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof as the Trustee may require.

## 19. Further Issues

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

## 20. Notices

### *To Holders of Bearer Notes*

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

### *To Registered Holders*

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

### *To Holders of Notes held in a clearing system*

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

## **21. Provision of Information**

The Issuer and, if applicable, the Guarantor shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Registered Holder of a Note which is a "restricted security" within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the "**Securities Act**") or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuers and delivered to the Issuers or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

## **22. Rounding**

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

## **23. Third Party Rights**

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

## 24. Governing Law and Jurisdiction

- (a) The Trust Deed and the rights and obligations in respect of the Notes and the Coupons are governed by, and shall be construed in accordance with, English law, save that the subordination provisions applicable to the Intesa Sanpaolo Subordinated Notes and the subordination provisions relating to the Subordinated Guarantee described in Conditions 5 (*Status of the Notes*) and 6 (*Status of the Guarantee*) and Clauses 4 (*The Notes; Subordinated Notes*) and 5 (*Guarantee and Indemnity*) of the Trust Deed, shall be governed by the laws of the Republic of Italy and that the subordination provisions applicable to the INSPIRE Subordinated Notes described in Condition 5(c) (*Status - Subordinated Notes issued by INSPIRE*) shall be governed by the laws of Ireland.
- (b) In the Trust Deed, each of Intesa Sanpaolo and INSPIRE has irrevocably agreed for the benefit of the Noteholders that the courts of England are to have jurisdiction to hear and determine any suit, action or proceedings and to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Trust Deed and the Notes and the Coupons (respectively “**Proceedings**” and “**Disputes**”) and for such purposes have irrevocably submitted to the non-exclusive jurisdiction of such courts.
- (c) *Appropriate forum:* In the Trust Deed each of Intesa Sanpaolo and INSPIRE has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and has agreed not to claim that any such court is not a convenient or appropriate forum.
- (d) *Process Agent:* In the Trust Deed, each of Intesa Sanpaolo and INSPIRE has agreed that the process by which any Proceedings in England are begun may be served on it by being delivered to Intesa Sanpaolo S.p.A., London Branch which is presently at 90 Queen Street, London EC4N 1SA or its address for the time being. If such person is not or ceases to be effectively appointed to accept service of process on each of the Issuers’ behalf, Intesa Sanpaolo and INSPIRE, have agreed in the Trust Deed that they shall, on the written demand of the Trustee or, failing the Trustee, any Noteholder, addressed to the relevant Issuer and delivered to the relevant Issuer or to the specified office of the Principal Paying Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee or, failing the Trustee, any Noteholder, shall be entitled to appoint such a person by written notice addressed to each of the Issuers or to the specified office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of the Trustee or, failing the Trustee, any Noteholder, to serve process in any other manner permitted by law.
- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether currently or not) if and to the extent permitted by law.
- (f) *Consent to enforcement etc.:* In the Trust Deed, each of Intesa Sanpaolo and INSPIRE has consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

## FORM OF FINAL TERMS FOR NOTES WITH A DENOMINATION OF AT LEAST €50,000

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

Final Terms dated [ ]

**[Intesa Sanpaolo S.p.A./  
Intesa Sanpaolo Bank Ireland p.l.c.]**

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

**Intesa Sanpaolo S.p.A.]  
under the €50,000,000,000  
Global Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 9th January, 2008 [and the supplement to the Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [and the supplement dated [ ]]. The Prospectus [and the supplement] [is/are] available for viewing at the registered office[s] of the Issuer at [3rd Floor, KBC House, 4 George’s Dock, IFSC Dublin, Ireland and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19 Boulevard de Prince Henri, Luxembourg. The Prospectus [and the supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [date of original prospectus]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Prospectus dated 9th January, 2008 [and the supplement to the Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [date of original prospectus] and 9th January, 2008 [and the supplement dated [ ]]. The Prospectuses [and the supplement] are available for viewing at the registered office[s] of the Issuer at [3rd Floor, KBC House, 4 George’s Dock, IFSC Dublin, Ireland and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19 Boulevard de Prince Henri, Luxembourg. The Prospectuses [and the supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]

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

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

1. [(i)] Issuer: [Intesa Sanpaolo S.p.A./Intesa Sanpaolo Bank Ireland p.l.c.]
- [(ii)] Guarantor: Intesa Sanpaolo S.p.A.]
2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). [ ]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date, if applicable*]]
6. [(i)] Specified Denominations: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ].]

*[Unless paragraph 24 (Form of Notes) below specifies that the Global Note is to be exchanged for Definitive Notes “in the limited circumstances described in the Permanent Global Note”, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. Where paragraph 24 (Form of Notes) does so specify, Notes may be issued in denominations of €50,000 and higher integral multiples of €1,000 up to a maximum of €99,000. In such circumstances, insert the wording below]*

[A Noteholder who holds a principal amount of less than €50,000 may not receive a Definitive Note (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding is an integral multiple of €50,000.]

- [(ii) Specified Minimum Amounts: [ ] *[For Registered Notes only]*]
- [(iii) Specified Increments: [ ] *[For Registered Notes only]*]
- (iv) Calculation Amount: [ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date (if different from the Issue Date): *[Specify/Issue Date/Not Applicable]*
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]*
9. Interest Basis: [% Fixed Rate]  
*[[specify reference rate] +/- [ ]% Floating Rate]*  
 [Zero Coupon]  
 [Index-Linked Interest]  
 [Dual Currency Interest]  
 [Other (*specify*)]  
*(further particulars specified below)*
10. Redemption/Payment Basis: [Redemption at par]  
 [Index-Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (*specify*)]  
*[N.B. If the Final Redemption Amount is other than 100% of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.]*
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Investor Put]  
 [Issuers Call]  
*[(further particulars specified below)]*
13. (i) Status of the Notes: [Senior/Subordinated]  
 [Lower Tier II/Upper Tier II/Tier III]
- (ii) Status of the Guarantee: [Senior/Subordinated]  
 [Lower Tier II/Upper Tier II]
- (iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular*

tranche of Notes or related Guarantee of the Notes)

14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year  
*(N.B. This will need to be amended in the case of any long or short coupons.)*
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA/other)]/[If neither of these options applies, give details]
- (v) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date [in/on] [ ]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) First Interest Payment Date [ ]
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]  
*(Note that this item adjusts the end date of each Interest Period (and consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 12(g) (Payments on business days) and the defined term "Payment Business Day".)*
- (iv) Additional Business Centre(s): [Not Applicable/give details]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]

- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [[Name] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)]
- (vii) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
  - Relevant Screen Page: [For example, Reuters EURIBOR 01]
  - Interest Determination Date(s): [ ]
  - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
  - Relevant Financial Centre: [For example, London/Euro-zone (*where Euro-zone means the region comprised of the countries whose lawful currency is the euro*)]
- (viii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (ix) Margin(s): [+/-][ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
(See Conditions 7 and 8 for alternatives)
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]

- (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 11(g) (Early redemption of Zero Coupon Notes)]*

**18. Index-Linked Interest Note Provisions**

*[Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)*

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

- (i) Index/Formula: *[Give or annex details]*
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): *[name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]*
- (iii) Provisions for determining Rate(s) of Interest and/or Interest Amounts where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s): *[ ]*
- (v) Provisions for determining Rate(s) of Interest and/or Interest Amounts where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: *[ ]*
- (vi) Interest or calculation period(s): *[ ]*
- (vii) Specified Period(s)/Specified Interest Payment Dates: *[ ]*
- (viii) Business Day Convention: *[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]  
(Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 12(g) (Payments on business days) and the defined term "Payment Business Day".)*
- (ix) Additional Business Centre(s): *[ ]*
- (x) Minimum Rate of Interest: *[ ] per cent. per annum*

- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- 19. Dual Currency Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [Name] shall be the Calculation Agent.  
*(no need to specify if the Principal Paying Agent is to perform this function)*
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions.]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 20. Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [ ]
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*

21. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [ ]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
22. **Final Redemption Amount** [[ ] per Calculation Amount/other/see Appendix]  
*[N.B. If the Final Redemption Amount is other than 100% of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.]*
- [In cases where the Final Redemption Amount is Index-Linked]*
- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent): [Name] shall be the Calculation Agent  
*(no need to specify if the Principal Paying Agent is to perform this function)*
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Determination Date(s): [ ]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (vi) Payment Date: [ ]
- (vii) Minimum Final Redemption Amount [ ] per Calculation Amount
- (viii) Maximum Final Redemption Amount [ ] per Calculation Amount

**23. Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[Not Applicable (if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**24. Form of Notes:**

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on 60 days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note].

**Registered Notes:**

[specify]

**25. New Global Note Form:**

[Yes/No]

**26. Additional Financial Centre(s) or other special provisions relating to Payment Dates:**

[Not Applicable/give details. (Note that this item relates to the place of payment, and not interest period end dates, to which items 16(iv) and 18(ix) relate)]

**27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**

[Yes/No. If yes, give details]

**28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuers to forfeit the Notes and interest due on late payment:**

[Not Applicable/give details]

**29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:**

[Not Applicable/give details]

**30. Redenomination applicable**

Redenomination [not] applicable. (If redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)

31. Renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Final Terms apply]
32. Other final terms: [Not Applicable/give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
34. If non-syndicated, name of Dealer: [Not applicable/give name and address]
36. U.S. selling restrictions: Reg. S compliance category; [TEFRA C/TEFRA D/TEFRA not applicable]
37. Additional selling restrictions: [Not Applicable/give details]

## [PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue [and admission to trading]<sup>(1)</sup> of the Notes described herein pursuant to the €50,000,000,000 Global Medium Term Note Programme of Intesa Sanpaolo S.p.A. and Intesa Sanpaolo Bank Ireland p.l.c. guaranteed, in respect of the Notes issued by Intesa Sanpaolo Bank Ireland p.l.c., by Intesa Sanpaolo S.p.A.]

## RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. To the best of the knowledge of [each of] the Issuer [and the Guarantor], having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

(1) Delete if the Notes are unlisted.

[[ ] has been extracted from [ ]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

[Signed on behalf of the Guarantor:

By: .....  
Duly authorised]

## PART B – OTHER INFORMATION

### LISTING AND ADMISSION TO TRADING

1. (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading on [ ] with effect from [ ].]/[Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) Estimate of total expenses related to admission for trading [ ]

### 2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- [S & P's: [ ]]  
[Moody's: [ ]]  
[[Other]: [ ]]
- (Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

### 3. NOTIFICATION

The [*include name of competent authority in EEA home Member State*] [has been requested to provide/has provided] [*include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*]

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. (*Amend as appropriate if there are other interests*)

[*When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*]

## 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer:

[ ]

*(See “Use of Proceeds” wording in Prospectus. If reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here.)*

[(ii) Estimated net proceeds:

[ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses:

[Include breakdown of expenses]<sup>(2)</sup>

## 6. **[Fixed Rate Notes only] YIELD**

Indication of yield:

[ ]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

## 7. **[Floating Rate Notes only] HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

## 8. **[Index-Linked or other variable-linked Notes only] PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)*

*(Need to include a description of any market disruption or settlement disruption events that affect the underlying.)*

*(Need to include adjustment rules in relation to events concerning the underlying.)*

*(Where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code.)*

*(Where the underlying is an index need to include the name of the index, and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.)*

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(2) Only required if the Notes are derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

*(Where the underlying is an interest rate, a description of the interest rate.)*

*(Where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket.)*

*(Any other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.<sup>(3)</sup>)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

*[The Issuer [does not intend/intends] to provide post-issuance information. (Specify what information will be reported and where it can be obtained.<sup>(4)</sup>)*

**[9. [Dual Currency Notes only] PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)<sup>5</sup>*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

**[10]. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]  
[Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]  
[Include this text if “Yes” selected, in which case the Notes must be issued in NGN form]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification numbers): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

(3) Required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulations apply.

(4) Required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulations apply.

(5) Required if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulations apply.

Names and addresses of additional Paying Agent(s)(if any): [ ]

**[[11]. FURTHER INFORMATION RELATING TO THE ISSUER**

*(Only required for Notes issued by Intesa Sanpaolo)*

Further information relating to the Issuer is set out below, pursuant to Article 2414 of the Italian Civil Code.

*(The information set out in this Schedule may need to be updated if, at the time of the issue of the Notes, any of it has changed since the date of this Prospectus)*

- (i) Objects: The objects of the Issuer, as set out in Article 4 of its by-laws, are the collection of savings and the carrying-out of all forms of lending activities, through its subsidiaries or otherwise. The Issuer may, in compliance with regulations in force and subject to obtaining any prior authorisations required, perform all banking and financial services and transactions, including the creation and management of open- and closed-end supplementary pension schemes, as well as any other transaction necessary for, or incidental to, the achievement of its corporate purpose, through its subsidiaries or otherwise.
- As parent company of the “Intesa Sanpaolo” banking group, pursuant to Article 61 of Legislative Decree No. 385 of 1 September 1993, the Issuer, in its direction and coordination capacity, issues instructions to Group companies, including those for the purposes of implementing the Bank of Italy’s regulations and of ensuring the stability of the Group.
- The Issuer performs the role of parent company of a financial conglomerate, pursuant to Article 3 of Legislative Decree No. 142 of 30th May, 2005.
- (ii) Registered office: Piazza San Carlo 156, 10121 Turin, Italy
- (iii) Company registration: Registered at the Companies’ Registry of the Chamber of Commerce of Turin, Italy under registration no. 00799960158.
- (iv) Amount of paid-up share capital and reserves: Paid-up share capital: €[ ]  
Reserves: €[ ]

## FORM OF FINAL TERMS FOR NOTES WITH A DENOMINATION OF LESS THAN €50,000

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

Final Terms dated [ ]

**[Intesa Sanpaolo S.p.A./  
Intesa Sanpaolo Bank Ireland p.l.c.]**

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

**Intesa Sanpaolo S.p.A.]  
under the €50,000,000,000  
Global Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 9th January, 2008 [and the supplement to the Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [and the supplement dated [ ]]. The Prospectus [and the supplement] [is/are] available for viewing at the registered office[s] of the Issuer at [3rd Floor, KBC House, 4 George’s Dock, IFSC Dublin, Ireland and of the Guarantor] at Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A., at 19 Boulevard de Prince Henri, Luxembourg. The Prospectus [and the supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [date of original prospectus]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Prospectus dated 9th January, 2008 [and the supplement to the Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [date of original prospectus] and 9th January, 2008 [and the supplement dated [ ]]. The Prospectuses [and the supplement] are available for viewing at the registered office[s] of the Issuer at [3rd Floor, KBC House, 4 George’s Dock, IFSC Dublin, Ireland and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A., at 19 Boulevard de Prince Henri, Luxembourg. The Prospectuses [and the supplement] and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]

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

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

1. [(i)] Issuer: [Intesa Sanpaolo S.p.A./Intesa Sanpaolo Bank Ireland p.l.c.]
- [(ii)] Guarantor: Intesa Sanpaolo S.p.A.]
2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). [ ]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date, if applicable*]
6. [(i)] Specified Denominations: [ ]
- (ii) Calculation Amount: [ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.*)
7. (i) Issue Date: [ ]
- [(ii)] Interest Commencement Date (if different from the Issue Date): [Specify/Issue Date/Not Applicable]
8. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]
9. Interest Basis: [% Fixed Rate]  
[[specify reference rate] +/- [ ]% Floating Rate]  
[Zero Coupon]  
[Index-Linked Interest]  
[Dual Currency Interest]  
[Other (*specify*)]  
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]  
[Index-Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]  
*[N.B. If the Final Redemption Amount is other than 100% of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.]*
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Investor Put]  
[Issuers Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/Subordinated]  
[Lower Tier II/Upper Tier II/Tier III]
- (ii) Status of the Guarantee: [Senior/Subordinated]  
[Lower Tier II/Upper Tier II]
- (iii) [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee of the Notes)*
14. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year  
*(N.B. This will need to be amended in the case of any long or short coupons.)*
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA/other)]/[*If neither of these options applies, give details*]
- (v) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date [in/on] [ ]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

## 16. Floating Rate Note Provisions

[Applicable/Not Applicable]

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

- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) First Interest Payment Date [ ]
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]  
*(Note that this item adjusts the end date of each Interest Period (and consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 12(g) (Payments on business days) and the defined term "Payment Business Day".)*
- (iv) Additional Business Centre(s): [Not Applicable/*give details*]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [[*Name*] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)]
- (vii) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
  - Relevant Screen Page: [For example, Reuters EURIBOR 01]
  - Interest Determination Date(s): [ ]
  - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
  - Relevant Financial Centre: [For example, London/Euro-zone (*where Euro-zone means the region comprised of the countries whose lawful currency is the euro*)]
- (viii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (ix) Margin(s): [+/-][ ] per cent. per annum

- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Other]  
(See Conditions 7 and 8 for alternatives)
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 11(g) (Early redemption of Zero Coupon Notes)]
- 18. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [Give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
- (iii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to Index and/or Formula and/or other variable:
- (iv) Determination Date(s): [ ]

- (v) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (vi) Interest or calculation period(s): [ ]
- (vii) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]  
(*Note that this item adjusts the end date of each Interest Period (and, consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 12(g) (Payments on business days) and the defined term "Payment Business Day".*)
- (ix) Additional Business Centre(s): [ ]
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- 19. Dual Currency Interest Note Provisions** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)  
  
(*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*Give or annex details*]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [*Name*] shall be the Calculation Agent.  
(*no need to specify if the Principal Paying Agent is to perform this function*)
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*Need to include a description of market disruption or settlement disruption events and adjustment provisions.*]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [ ]
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
21. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
22. **Final Redemption Amount** [[ ] per Calculation Amount/other/see Appendix]  
*[N.B. If the Final Redemption Amount is other than 100% of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply.]*

*[In cases where the Final Redemption Amount is Index-Linked]*

- |  |   |
|--|---|
| (i) Index/Formula/variable:  | <i>[give or annex details]</i>  |
| (ii) Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent):  | <i>[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)</i> |
| (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:  | <i>[ ]</i>  |
| (iv) Determination Date(s):  | <i>[ ]</i>  |
| (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | <i>[ ]</i>  |
| (vi) Payment Date:   | <i>[ ]</i>  |
| (vii) Minimum Final Redemption Amount  | <i>[ ] per Calculation Amount</i>   |
| (viii) Maximum Final Redemption Amount   | <i>[ ] per Calculation Amount</i>   |

**23. Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	<i>[Not Applicable (if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)]</i>
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**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**24. Form of Notes:**

**Bearer Notes:**

*[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note.]*

*[Temporary Global Note exchangeable for Definitive Notes on 60 days' notice.]*

*[Permanent Global Note exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note].*

**Registered Notes:**

*[specify]*

25. New Global Note Form: [Yes/No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. (Note that this item relates to the place of payment, and not interest period end dates, to which items 16(iv) and 18(ix) relate)]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuers to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination applicable Redenomination [not] applicable. (If redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)
31. Renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Final Terms apply]
32. Other final terms: [Not Applicable/give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

## DISTRIBUTION

33. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not applicable/give names, addresses and underwriting commitments]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of Syndication Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]

- 34. If non-syndicated, name and address of Dealer: [Not applicable/*give name and address*]
- 35. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
- 36. U.S. selling restrictions: Reg. S compliance category; [TEFRA C/TEFRA D/TEFRA not applicable]
- 37. Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify other persons, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported*] (together, the “**Public Offer Jurisdictions**”) during the period from [*specify date*] until [*specify date*].
- 38. Additional selling restrictions: [Not Applicable/*give details*]

**[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and admission to trading] of the Notes described herein pursuant to the €50,000,000,000 Global Medium Term Note Programme of Intesa Sanpaolo S.p.A. and Intesa Sanpaolo Bank Ireland p.l.c. guaranteed, in respect of the Notes issued by Intesa Sanpaolo Bank Ireland p.l.c. by Intesa Sanpaolo S.p.A.]

**RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. To the best of the knowledge of [each of] the Issuer [and the Guarantor], having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

[[ ] has been extracted from [ ]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

[Signed on behalf of the Guarantor:

By: .....  
Duly authorised]

## PART B – OTHER INFORMATION

### LISTING AND ADMISSION TO TRADING

1. (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading on [ ] with effect from [ ].]/[Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- [S & P's: [ ]]  
[Moody's: [ ]]  
[[Other]: [ ]]
- (Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. NOTIFICATION

The [*include name of competent authority in EEA home Member State*] [has been requested to provide/has provided] [*include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

*[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:]*

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. (*Amend as appropriate if there are other interests*)

*[When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

**5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [ ]

*(See "Use of Proceeds" wording in Prospectus. If reasons for offer different from making profit and/or hedging certain risks, will need to include those reasons here.)*

[(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [Include breakdown of expenses]

**[6. [Fixed Rate Notes only] YIELD**

Indication of yield: [ ]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**[7. [Floating Rate Notes only] HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

**[8. [Index-Linked or other variable-linked Notes only] PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)*

*(Need to include a description of any market disruption or settlement disruption events that affect the underlying.)*

*(Need to include adjustment rules in relation to events concerning the underlying.)*

*(Where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code.)*

*(Where the underlying is an index need to include the name of the index, and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.)*

*(Where the underlying is an interest rate, a description of the interest rate.)*

*(Where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket.)*

*(Any other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.<sup>(1)</sup>)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

*[The Issuer [does not intend/intends] to provide post-issuance information. (Specify what information will be reported and where it can be obtained.<sup>(2)</sup>)*

**[9. [Dual Currency Notes only] PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)<sup>(3)</sup>*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

**[10]. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Not Applicable/Yes/No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

*[Include this text if "Yes" selected, in which case the Notes must be issued in NGN form]*

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification numbers):

[Not Applicable/give name(s) and number(s)]

Delivery:

Delivery [against/free of] payment

(1) Required of the Notes are derivative securities to which Annex XII to the Prospectus Directive Regulation applies.  
(2) Required of the Notes are derivative securities to which Annex XII to the Prospectus Directive Regulation applies.  
(3) Required of the Notes are derivative securities to which Annex XII to the Prospectus Directive Regulation applies.

Names and addresses of additional Paying Agent(s) (if any) [ ]

**[[11]. TERMS AND CONDITIONS OF THE OFFER]**

Offer price:	[Issue Price] [ <i>specify</i> ]
Conditions to which the offer is subject:	[Not Applicable/ <i>give details</i> ]
Description of the application process:	[Not Applicable/ <i>give details</i> ]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i> ]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i> ]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/ <i>give details</i> ]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i> ]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i> ]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/ <i>give details</i> ]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i> ]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i> ]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/ <i>give details</i> ]

**[[12]. FURTHER INFORMATION RELATING TO THE ISSUER**

*(Only required for Notes issued by Intesa Sanpaolo)*

Further information relating to the Issuer is set out below, pursuant to Article 2414 of the Italian Civil Code.

*(The information set out in this Schedule may need to be updated if, at the time of the issue of the Notes, any of it has changed since the date of this Prospectus)*

- (i) Objects: The objects of the Issuer, as set out in Article 4 of its by-laws, are the collection of savings

and the carrying-out of all forms of lending activities, through its subsidiaries or otherwise. The Issuer may, in compliance with regulations in force and subject to obtaining any prior authorisations required, perform all banking and financial services and transactions, including the creation and management of open- and closed-end supplementary pension schemes, as well as any other transaction necessary for, or incidental to, the achievement of its corporate purpose, through its subsidiaries or otherwise.

As parent company of the “Intesa Sanpaolo” banking group, pursuant to Article 61 of Legislative Decree No. 385 of 1 September 1993, the Issuer, in its direction and coordination capacity, issues instructions to Group companies, including those for the purposes of implementing the Bank of Italy’s regulations and of ensuring the stability of the Group.

The Issuer performs the role of parent company of a financial conglomerate, pursuant to Article 3 of Legislative Decree No. 142 of 30th May, 2005.

- |  |  |
|--|--|
| (ii) Registered office:                            | Piazza San Carlo 156, 10121 Turin, Italy   |
| (iii) Company registration:                        | Registered at the Companies’ Registry of the Chamber of Commerce of Turin, Italy under registration no. 00799960158. |
| (iv) Amount of paid-up share capital and reserves: | Paid-up share capital: €[ ]<br>Reserves: €[ ]  |

## **DESCRIPTION OF INTESA SANPAOLO S.p.A.**

### **MERGER OF SANPAOLO IMI AND BANCA INTESA**

On 26th August, 2006 the Board of Directors of Banca Intesa and Sanpaolo IMI approved the guidelines of the merger project.

On 12th October, 2006 the Board of Directors of Banca Intesa and Sanpaolo IMI unanimously approved the project for the merger of Sanpaolo IMI into Banca Intesa in accordance with an exchange ratio of 3.115 new ordinary shares of Banca Intesa for each Sanpaolo IMI ordinary and preference share.

In relation to the merger project, the Board approved an agreement with Crédit Agricole for the sale of Banca Intesa's subsidiaries Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria and the disposal of 193 Banca Intesa branches.

On 1st January, 2007 the merger by incorporation of Sanpaolo IMI with and into Banca Intesa became legally effective. In the merger, the surviving entity was Banca Intesa, which changed its name from Banca Intesa S.p.A. to Intesa Sanpaolo S.p.A.

## Organisational structure



(1) Domestic retail

(2) Merger by incorporation of Banca Italo Albanese into American Bank of Albania as of 1st January 2008

(3) Merger by incorporation of Panonska Banka into Banca Intesa Beograd as of 1st January 2008

(4) As at 30 November 2007, the banking business of Intesa Bank Ireland was transferred to Intesa Sanpaolo Bank Ireland

(5) Merger by incorporation of Inter-Europa Bank into CIB as of 1st January 2008

## **BUSINESS OF INTESA SANPAOLO**

### **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.

The 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 organisation 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, a 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 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 Market 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** into Intesa Sanpaolo was effective. In 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.

### **The consolidation process of the Intesa Sanpaolo Group**

At the end of July 2007 Intesa Sanpaolo signed the agreement for the acquisition of control of Cassa di Risparmio di Firenze (“**Carifirenze**”). Intesa Sanpaolo will acquire 40.3% of Carifirenze’s share capital, by means of a share swap of own ordinary shares from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio della Spezia and Spezia and So.Fi.Ba.R. – Società Finanziaria di Banche Romagnole. The share swap ratio has been calculated on the basis of the simple arithmetic average of the market reference price of Carifirenze ordinary shares and Intesa Sanpaolo ordinary shares for the three months from 6th December 2006 to 5th March 2007 (the last trading day preceding the first rumours circulated by the press with respect to the transaction) equal to 4.49 euro and 5.64 euro respectively. For the purpose of determining the share swap ratio, a premium was applied to the market price of the Carifirenze share (4.49 euro) - relating to the transfer of control of Carifirenze from the current majority shareholders to Intesa Sanpaolo - up to 6.73 euro thus determining the ratio of 1.194 Intesa Sanpaolo ordinary shares for each Carifirenze share.

As a result of the stake already held (approximately 18.6%) and the aforementioned share swap, Intesa Sanpaolo will reach a 58.9% interest in Carifirenze’s share capital. Therefore, Intesa Sanpaolo will launch a Mandatory Public Offer according to the European Directive on the remaining 41.1% of Carifirenze’s share capital, at the same price used for the calculation of the share swap ratio (6.73 euro per share).

Carifirenze has a network of 547 branches in Italy (and a further 19 in Romania) concentrated in Tuscany, Lazio, Liguria, Emilia Romagna and Umbria. As at 31st December 2006, Carifirenze had total assets of 23,813 million euro, loans to customers of 14,628 million euro, direct customer deposits of 17,009 million euro, indirect customer deposits of 21,910 million euro and shareholders’ equity of 1,621 million euro. In 2006, Carifirenze’s net income amounted to 271 million euro (173 million euro excluding non-recurring items).

This combination will enable the Intesa Sanpaolo Group to markedly strengthen its competitive positioning in the regions of Central-Northern Italy where Carifirenze’s branch network is concentrated and above all in Tuscany. Within the Territorial Bank (“Banca dei Territori”) Division, Carifirenze will have the exclusive territorial control of Tuscany and Umbria to which the eastern part of Liguria (the province of La Spezia), the provinces of Viterbo and Ascoli and the area of Fano will be added. Both Intesa Sanpaolo’s holding in Intesa Casse del Centro and the Group’s branches and SME centres operating in the local territory are to be transferred to Carifirenze in ways still to be defined. Moreover, Carifirenze will maintain its presence in Emilia Romagna as well as in Rome and its province. After the integration of Intesa Casse del Centro, Carifirenze will be a leading bank in the centre of Italy. Carifirenze will manage and co-ordinate – on behalf of the Parent Company and in accordance with its general policies – the commercial banks operating in that territory.

The finalisation of the transaction, subject to the formalisation of the agreements and necessary authorisations, is forecast for the first months of 2008 with the Mandatory Public Offer.

At the beginning of June 2007, Intesa Sanpaolo and Banca Monte dei Paschi di Siena signed an agreement for the sale of the 55% stake in Cassa di Risparmio di Biella e Vercelli (Biverbanca) owned by Intesa Sanpaolo, which was finalised in December 2007. In the coming months, the acquisition of Banca Monte dei Paschi di Siena’s depositary banking services on the part of Intesa Sanpaolo – which was also agreed upon on 4 June 2007 – will be finalised, conditional upon obtaining the required authorisations. The agreement includes the supply of the service to the Banca Monte dei Paschi di Siena Group’s undertakings for collective investments in transferable securities (“**UCITS**”) for a ten-year period at pre-existing economic conditions with a service quality

in keeping with best market standards. Moreover, in December 2007 the agreement was renewed including Montepaschi's commitment to negotiate, on an exclusivity basis for an additional six-month period, the acquisition on the part of Intesa Sanpaolo of custody activities. With this transaction Intesa Sanpaolo will strengthen its securities services activities in compliance with the decision of the Italian Competition Authority.

As at 31st December 2006, Montepaschi's depositary bank activities referred to a portfolio of 27.1 billion euro, with estimated pro forma net income of approximately 17 million euro.

Lastly, in the first half of July 2007, Intesa Sanpaolo signed an agreement for the subscription of a capital increase to acquire a 19.99% stake in the Chinese bank Qingdao City Commercial Bank ("QCCB"). Founded in 1996, QCCB is located in Shandong, a province which is playing an important role in the growth of the Chinese economy. The city of Qingdao is the province's main economic centre and QCCB, with a network of 39 branches. The bank is 90% owned by Haier and the municipality.

As at year-end 2006, QCCB had total assets of 3 billion U.S. dollars, loans to customers of 1.8 billion U.S. dollars, deposits of 2.3 billion dollars and shareholders' equity of 157 million dollars. For the twelve months ended 31st December 2006, its net income amounted to 3.8 million U.S. dollars.

### **The integration process between Banca Intesa and Sanpaolo IMI**

The consolidated report as at 31st March 2007 already provided an update on the integration process. In the first three months of the year: i) all the decisions on the organisational structure were taken; ii) all the managers responsible for the units were appointed; and iii) client attribution across the Business Units was defined. Moreover, the distribution model was aligned both for retail customers and for corporate and enterprise customers and integrated solutions have been implemented for guidance and control systems relating to management and operating reports, to risk control tools and to lending procedures. Lastly, the first joint commercial initiatives were launched with the support of specific advertising campaigns. The Group's target ICT system was also identified in the first quarter.

The integration of the IT platforms to support the entities of the Intesa Sanpaolo Group has started to be implemented. The project will permit the construction of a common platform of models, processes, products and systems as scheduled in the merger programme, with the objective of migrating the banks of the Intesa Sanpaolo Group to the target system within the end of 2008.

The project pursued the following objectives:

- implementing the migration of banks to the target platform, permitting the unification of commercial offer and the standardisation of models and operating processes, changeover will occur gradually, testing the solutions via the migration of one pilot unit and subsequently by groups of branches;
- training the resources of the head office departments and of the network to use the new ICT system and the target operating processes; and
- managing the post conversion period, via initiatives to support/assist customers and resources defined in the migration strategy.

As set out in the Business Plan, the Master Plan of IT and organisational interventions has been consolidated in the first half. The project is divided into three main areas:

- Commercial, aimed at unifying the product catalogue, harmonising pricing, special agreements, closing/switch of non-migratable products;

- Organisation and Resources, aimed at managing the alignment of processes and operating models, training of the resources involved and supporting the initial use of the new IT instruments; and
- Systems and Technologies, aimed at preparing target software applications, managing the two systems in the transitory periods, managing IT migration and the integration of technological infrastructures.

The project will be completed by the end of 2008 and entails the start of the migration process of former Intesa branches to the Target system starting from April 2008.

The integration also entails compliance with mandatory requirements, for which specific task forces have been formed with the objective of managing organisational and IT activities at the end of the transitory period granted by the Bank of Italy. IT and merger implementation interventions are being completed and in particular certification activities are fully operational with the interventions in the Payment Systems and Finance Back Office areas. The plan sets out the unification of mandatory reporting to the Bank of Italy from June 2007 (already realised) and the release of interventions for the management of a single ABI code within the end of September 2007 (already realised).

## **Group History**

### ***Banca Intesa S.p.A.***

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

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

In December 1999 Banca Intesa finalised the exchange offer pursuant to which it acquired 70% of the outstanding ordinary shares and savings shares of Banca Commerciale Italiana S.p.A. ("**BCI**") in exchange for the issue of new ordinary shares of Banca Intesa.

In October 2000 the Board of Directors of both Banca Intesa and BCI approved the merger by incorporation of BCI into Banca Intesa (the "**IntesaBci Merger**"), which was completed on 1 May 2001. Following the IntesaBci Merger, Banca Intesa adopted a new corporate name, "Banca Intesa Banca Commerciale Italiana S.p.A." or, in short, "IntesaBci S.p.A." or "Banca Intesa Comit S.p.A."

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

### ***Sanpaolo IMI S.p.A.***

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

Istituto San Paolo di Torino originates from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia" developed from "Monte di Pietà" to a real bank during the nineteenth century, progressively developing credit activities.

In 1932, the Bank achieved the status of Public Law Credit Institute. Between 1960 and 1990, the Bank expanded its network nationwide through a number of acquisitions of local banks and medium-sized regional banks. In 1977, the Bank took control of Banco Lariano di Como and in 1984 it acquired Banca Provinciale Lombarda, well-rooted in the Bergamo province. In 1991, the Bank acquired Crediop from Cassa Depositi e Prestiti and reached the level of a multifunctional group of national importance.

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

In 1993, certain reorganisations took place leading to the incorporation of Banco Lariano and of Banca Provinciale Lombarda. In February 1995, Banca Nazionale delle Comunicazioni was acquired.

The privatisation process of the bank was completed in 1997 through the public offer for sale of 31% of the share capital and the private placement of a 22% stake aimed at constituting a stable group of shareholders.

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

IMI was founded in 1931 as a Public Law Body, with the purpose of promoting the process of restructuring and recapitalising Italian industry through the grant of medium/long-term loans and the acquisition of equity investments.

During the Eighties, the IMI group implemented a broad reorganisation of its operating structure and of its company activities by developing the business area represented by specialist credit services as well as new operations in the investment banking sector and, with Banca Fideuram, in the professional asset management and financial consultancy sectors.

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

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

## **INTESA SANPAOLO'S MANAGEMENT AND SUPERVISORY BODIES**

### **The Supervisory Board**

The Supervisory Board of Intesa Sanpaolo – appointed by the Shareholders' Meeting of Banca Intesa on 1st December, 2006 – held its first meeting on 2nd January, 2007 under the chairmanship of Giovanni Bazoli.

Intesa Sanpaolo's Supervisory Board currently consists of 19 members as set out below:

<b>Position</b>	<b>Name</b>	<b>Principal activities performed outside Intesa Sanpaolo</b>
Chairman	Giovanni Bazoli	Chairman of MITTEL S.p.A. Chairman of Fondazione Giorgio Cini Member of the Supervisory Board of UBI Banca S.p.A. Director of Alleanza Assicurazioni S.p.A.
Deputy Chairman	Antoine Bernheim	Chairman of Assicurazioni Generali S.p.A. Deputy Chairman of Alleanza Assicurazioni S.p.A. Director of Mediobanca S.p.A. Director of Banco Santander Central Hispano Director of BSI – Banca della Svizzera Italiana Deputy Chairman of Bollore Investment Director of Christian Dior Director of Ciments Francais Member of the Supervisory Board of Eurazeo
Deputy Chairman	Rodolfo Zich	Professor at Politecnico in Torino Chairman of Fondazione Torino Wireless Director of Innogest S.G.R. S.p.A.
Board Member	Carlo Barel di Sant'Albano	C.E.O. and General Manager of Ifil Investments S.p.A. Director of Fiat S.p.A. Director of Juventus F.C. S.p.A. Director of Alpitour S.p.A. Director of Sequana Capital
Board Member	Pio Bussolotto	Director of Cassa di Risparmio di Firenze S.p.A. Director of Banca delle Marche S.p.A.
Board Member	Rosalba Casiraghi (*)	C.E.O. of Co.Ge.Pro S.p.A. C.E.O. of Rating Srl C.E.O. of Ge.Com General Consulting Srl Director of Luisa Spagnoli S.p.A.
Board Member	Giovanni Costa	Professor at Padua University Director of Edizione Holding S.p.A. Director of Veneto Nanotech S.p.A.
Board Member	Franco Dalla Sega	Professor at Cattolica University in Milan Chairman of the Board of Statutory Auditors of Immobiliare Lombarda S.p.A. Chairman of the Board of Statutory Auditors of Rasfin SIM S.p.A. Member of the Board of Statutory Auditor of MITTEL S.p.A.

<b>Position</b>	<b>Name</b>	<b>Principal activities performed outside Intesa Sanpaolo</b>
Board Member	Gianluca Ferrero	Dottore Commercialista Director of Banca del Piemonte S.p.A. Chairman of the Board of Statutory Auditors of Luigi Lavazza S.p.A. Chairman of the Board of Statutory Auditors of RCS Produzioni S.p.A. Chairman of the Board of Statutory Auditors of I.F.I. S.p.A. Chairman of the Board of Statutory Auditors of Caffiero Mattioli Finanziaria S.a.p.A. Chairman of the Board of Statutory Auditors of G.F.T. NET S.p.A. Member of the Board of Statutory Auditors of Gruppo Banca Leonardo S.p.A. Member of the Board of Statutory Auditors of Juventus F.C. S.p.A. Member of the Board of Statutory Auditors of Alpitour S.p.A. Member of the Board of Statutory Auditors of FENERA HOLDING S.p.A. Member of the Board of Statutory Auditors of L'OREAL SAIPO S.p.A. Member of the Board of Statutory Auditors of TECNODELTA S.p.A.
Board Member	Angelo Ferro	Professor at Verona University Chairman of Pavan Tecnologie S.p.A. Director of RCS S.p.A. Director of Editoriale Veneto S.r.l. Director of Società Cattolica di Assicurazione di Verona
Board Member	Pietro Garibaldi	Professor at Turin University
Board Member	Fabrizio Gianni	Director of CENSIS, Centro Studi Investimenti Sociali
Board Member	Giulio Lubatti	Dottore Commercialista e Revisore Contabile
Board Member	Giuseppe Mazzarello	C.E.O. of P. Ferrero & C. S.p.A.
Board Member	Eugenio Pavarani	Professor at Parma University Member of the Board of Statutory Auditors of Roche S.p.A.

<b>Position</b>	<b>Name</b>	<b>Principal activities performed outside Intesa Sanpaolo</b>
Board Member	Gianluca Ponzellini	Dottore Commercialista e Revisore Contabile Director of SCHEMA 28 S.p.A. Chairman of the Board of Statutory Auditors of Banca IMI S.p.A. Chairman of the Board of Statutory Auditors of Intesa Sanpaolo Private Banking S.p.A. Chairman of the Board of Statutory Auditors of Luisa Spagnoli S.p.A. Chairman of the Board of Statutory Auditors of De Longhi S.p.A. Chairman of the Board of Statutory Auditors of ECS International Italia S.p.A. Member of the Board of Statutory Auditors of Euromobiliare Asset Management S.G.R. S.p.A. Member of the Board of Statutory Auditors of Autogrill S.p.A. Member of the Board of Statutory Auditors of GS S.p.A. Member of the Board of Statutory Auditors of Edizioni Bruno Mondadori S.p.A.
Board Member	Gianguido Sacchi Morsiani	Lawyer Director of Equitalia Polis S.p.A.
Board Member	Ferdinando Targetti	Professor at Trento University
Board Member	Livio Torio	Lawyer Chairman of the Board of Statutory Auditors of Intesa Mediocredito S.p.A. Chairman of the Board of Statutory Auditors of Setefi S.p.A. Chairman of the Board of the Statutory Auditors of AEM Calore e Servizi S.p.A. Member of the Board of the Statutory Auditors of CRIF DECISION SOLUTIONS S.p.A.

(\*) Representative of the minority list.

The Board also resolved upon the appointment of Franco Dalla Sega as Secretary of the Supervisory Board and the setting up of a new organisational unit named “General Secretariat of the Supervisory Board” under the responsibility of Paolo Grandi. This unit is in charge of coordinating activities in support of the Board and the committees and, in particular, carrying on relationships with the Managing Director and the managerial structure in respect of all the matters pertaining to the Supervisory Board.

The Supervisory Board determined the composition of the Management Board and unanimously nominated its members. The Board appointed Enrico Salza as Chairman, Orazio Rossi as Deputy Chairman and indicated Corrado Passera as Managing Director and CEO.

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

## The Management Board

At its first meeting on 2nd January, 2007, the Management Board resolved upon the appointment of Corrado Passera as Managing Director and Chief Executive Officer. The composition of the Board is as set out below:

<b>Position</b>	<b>Name</b>	<b>Principal activities performed outside Intesa Sanpaolo</b>
Chairman	Enrico Salza	Chairman Italconsult S.r.l. Managing Director of Tecno Holding S.p.A.
Deputy Chairman	Orazio Rossi	Commercial and Industrial entrepreneur Chairman of Cassa di Risparmio di Padova e Rovigo S.p.A. Board Member of Banca Intesa Mediocredito S.p.A.
Managing Director and Chief Executive Officer	Corrado Passera	Director Rcs MediaGroup S.p.A.
Board Member	Elio Catania	Managing Director of Azienda Trasporti Milanese S.p.A.
Board Member	Giuseppe Fontana	Entrepreneur Director of Banca Fideuram S.p.A. Board Member of Banca Popolare di Sondrio S.c.p.A. Chairman of Region of Lombardy of General Federation of Italian Industrialists and Manufacturers
Board Member	Gianluigi Garrino	Chairman Fondaco SGR S.p.A. Vice Chairman Risk Management S.p.A.
Board Member	Giovanni Battista Limonta	Entrepreneur Chairman Limonta S.p.A. Chairman Arredamento Lombardo S.p.A. Board Member of Intesa Mediofactoring S.p.A.
Board Member	Virgilio Marrone	Board Member of Exor Group – Luxembourg Board Member of Fiat S.p.A. Managing Director and Director IFI S.p.A.
Board Member	Emilio Ottolenghi	Entrepreneur Chairman of Banca IMI S.p.A. Chairman of Vis S.p.A. Chairman of La Petrolifera Italo Rumena S.p.A. Chairman of Pir Finanziaria S.p.A.
Board Member	Giovanni Perissinotto	Chairman of Banca Generali S.p.A. Managing Director and General Manager of Assicurazioni Generali S.p.A. Board Member of Alleanza Assicurazioni S.p.A. Board Member of INA Assitalia S.p.A. Board Member of Pirelli & C.S.p.A.
Board Member	Marcello Sala	Board Member of Banca IMI S.p.A. Board Member of Sanpaolo IMI Fondi Chiusi SGR S.p.A.

The Business Units report directly to the CEO. The Area Managers of the Banca dei Territori were appointed during the month of January 2007.

The business address of each member of the Management Board is Intesa Sanpaolo S.p.A., Piazza San Carlo 156, 10121 Turin with the exception of Orazio Rossi, whose business address is Via Trieste 57/59, Padua and Virgilio Marrone, whose business address is Corso Matteotti 26, Turin.

### Conflicts of Interest

None of the functions performed by any of the Board Members mentioned above result in a conflict of interest, except for any competition in the national and/or international banking system in the ordinary course of business arising from the activities performed by them outside Intesa Sanpaolo, as set out in the tables above under the heading “Principal activities performed outside Intesa Sanpaolo”.

### Principal Shareholders

As of 7th November 2007, the main shareholders of Intesa Sanpaolo are as follows (holders of shares exceeding 2%):

Shareholder	Ordinary shares	% of ordinary share
Compagnia di San Paolo .....	943,225,000	7.960%
Carlo Tassara S.p.A .....	698,708,241	5.896%
Crédit Agricole S.A. ....	659,781,237	5.568%
Assicurazioni Generali .....	601,411,667	5.075%
Fondazione Cariplo .....	554,578,319	4.680%
Fondazione C.R. Padova e Rovigo .....	545,264,450	4.602%
Intesa Sanpaolo S.p.A. (*) .....	398,904,617	3.366%
Fondazione C.R. in Bologna .....	323,334,757	2.729%
Giovanni Agnelli e C. S.a.p.a.....	289,916,165	2.447%

(\*) Own shares purchased to serve the share swap for acquisition of control of Carifirenze.

### Litigation

Legal risks are analysed by Intesa Sanpaolo Group and by group companies. Provisions are made for risks and charges where there are legal obligations for which it is likely that funds will be disbursed to meet such obligations and where it is possible to make a reliable estimate of the amount. As far as legal risks is concerned, there are no significant variations with respect to the 2006 Annual reports of the Intesa Group and the Sanpaolo IMI Group or the Half Year Report as at 30th June 2007. The most complex legal procedures are described below.

#### ***Litigation concerning charging of compound interest***

In March 1999, the Italian Court of Cassation (Italy’s highest court) declared the quarterly capitalisation of interest to be illegitimate, thereby completely changing the previous law, on the grounds that the relevant clauses are not contained in bank contracts do not pursuant to specific regulations but are “simply negotiated” clauses and therefore in contrast with the prohibition of capitalisation of interest pursuant to Art. 1283 of the Italian Civil Code. Subsequently, Legislative Decree no. 342 of 1999 confirmed the legitimacy of capitalisation of interest in current accounts, as long as it applies the same period for calculating debt and credit interest. From the date of this regulation coming into force (April 2000), all current account operations have been brought into line, with quarterly capitalisation of both interest income and expense. Therefore, the dispute which

has arisen about this concerns only those contracts which were agreed before that date. Under judgment No. 21095 of 4th November, 2004, the Supreme Court of Italy confirmed the principle that contracting parties cannot derogate from the general prohibition of compound interest under Article 1283 of the Italian Civil Code by agreeing in a contractual clause providing for quarterly capitalisation of interest in current accounts. The overall number of pending cases is at an insignificant level in overall terms and is subject to careful monitoring.

Intesa Sanpaolo believes that the risks related to these disputes are covered by allocations to provisions for other risks and charges, commensurate with the amount of individual requests by the court.

Intesa Sanpaolo, makes appropriate provisions from time to time to cover the relevant risk.

### ***Litigation regarding bonds in default***

Due to bond defaults by the Republic of Argentina, the Cirio group and the Parmalat group, which occurred, respectively, in 2001, 2002 and 2003 (in addition to the companies Giacomelli, Finmek and Finmatica in subsequent periods), numerous claims have been brought by customers of banks who acquired bonds which are now in default, including claims before the courts.

In managing such claims Banca Intesa Group and Sanpaolo IMI Group adopted different options.

In this regard, Gruppo Intesa developed with consumer associations a conciliation mechanism, based on equitable criteria and on the individual examination of the single requests, and completed the analysis of all requests related to Finmatica and Finmek bonds in the first quarter of 2006, after having concluded the procedure for Cirio, Parmalat and Giacomelli bonds in 2005. With reference to Gruppo Intesa customers, 22,467 requests were examined for the two procedures (17,264 of which refer to Banca Intesa), with a percentage of conciliated requests equal to 99.95%. For both Banca Intesa and the Group approximately 48% of conciliated requests were totally or partly reimbursed.

As regards complaints by customers holding Parmalat and Cirio bonds, the Sanpaolo IMI Group policy has been that group companies should carefully evaluate whether the financial instruments sold to customers are suitable with respect to each investor's financial standing. Each claim is valued by an independent committee such as the Technical Audit Committee.

As regards the reimbursement of claims by holders of Argentina bonds and of customers who decided not to accept the conciliation mechanism proposed by Intesa and Sanpaolo (or who were not satisfied by the conciliation process), Intesa Sanpaolo and the other group companies conduct the defence of these claims in accordance with ordinary procedures and, as with other legal proceedings, make appropriate provision from time to time, taking the specific circumstances of each potential exposure.

### ***The Cirio group insolvency in relation to the sale of bonds***

In November 2002, the Cirio Group, one of the largest Italian groups operating in the agro-industrial sector, was declared insolvent on the repayment of a loan issued on the Euromarket. This event led to a cross default on all its existing issues. The bonds issued by the Cirio Group had a nominal value totaling approximately 1.25 billion euro. Sanpaolo IMI, like all primary Italian banks, had existing loan transactions with the Cirio Group.

### ***Criminal investigations related to Cirio***

In relation to the penal proceedings at the Court of Rome regarding the selling of bonds issued by the Cirio Group and the management of the financing relations between this group and numerous credit institutions, the Judge of the preliminary hearing issued an order on the 25th September, 2007 for the acquittal of three former Sanpaolo IMI executives that were involved in the proceedings. The penal court therefore confirmed the conviction the company had always

expressed insofar as the regularity of its operations and the total non-involvement of its executives in this case under penal investigation.

### ***Clawback actions by the Extraordinary Commissioner of the Cirio Group***

At the beginning of April 2007, 10 subsidiaries of the Cirio group in Extraordinary Administration gave notice that they have filed a suit against Intesa Sanpaolo and Banca Caboto, as well as against five other banks, all considered to be jointly liable, aimed at receiving compensation for alleged damages deriving from:

- worsening of the insolvency of the Cirio group, between the end of 1999 and 2003, where Intesa Sanpaolo and Banca Caboto participated as managers on six bond issues in the period of 2000-2002; the damage on this point is quantified – using three different criteria – with the main method in 2,082 million euro or, with the control methods, in 1,055 million euro or in 421 million euro;
- the loss of the possibility of the Extraordinary Administrators to undertake revocatory bankruptcy actions, for indefinite amounts, because the default of the companies of the Cirio group has been delayed; and
- the payment of fees amounting to 9.8 million euro in relation to the placement of the various bond issues.

Without prejudicing the need to distinguish the roles exercised by the various banks involved, the Intesa Sanpaolo Group deems that these allegations are unfounded and is convinced that it can successfully defend them before the relevant courts.

### ***Claim by the Extraordinary Commissioner of Mekfin and Finmek***

With regard to the litigation with subsidiaries of the Mekfin/Finmek group in Extraordinary Administration referring to a claw back action in the amount of 431 million euro, three recently served claw back actions amounting to 29.3 million euro and further claw back actions threatened that amount to a total exceeding 26 million euro, the Bank has resolved to negotiate a solution that would set all claims made or to be made against our Group at a level not to exceed 70 million euro with a waiver of the amounts granted to cover costs of the insolvency proceedings amounting to 10.6 million euro.

### ***Tax litigation***

Neither Intesa Sanpaolo nor any of its subsidiaries is involved in material tax litigation.

### ***GEST Line dispute***

GEST Line S.p.A. (“**GEST Line**”) is the Sanpaolo IMI group company that carries out tax collection activities, created following the merger of several tax collecting companies within the group, namely Gerico S.p.A. (“**Gerico**”), Sanpaolo Riscossioni Genova S.p.A., Sanpaolo Riscossioni Prato S.p.A. and Esaban S.p.A. (“**Esaban**”).

Litigation involving GEST Line risks arises almost entirely from disputes with the tax authorities over claims of irregularities and vary by nature and size.

More specifically, the proceedings relate to alleged irregularities on the part of tax collectors from the writing-up of notes during inspections at the premises of defaulting taxpayers. These proceedings are still pending, either before the court of first instance or at higher courts, and their defence is being conducted by external law firms engaged by the company.

Under Law No. 311/2004, tax collection companies may settle disputes with the tax office and other governmental bodies, and can discharge their liabilities under administrative law arising from

activity carried out up to 30th June 2005 by payment of a fixed amount per inhabitant in the territory in which they operate. GEST Line has decided to participate in the settlement by paying all of the three instalments required in order to benefit from the scheme.

In addition, GEST Line is party to a dispute in respect of the tax collection activities of its Venice concession, which are not covered by the Sanpaolo IMI guarantee. Following a claim for damages arising from of alleged irregularities on the part of certain tax officials, the local section of the National Audit Office ruled against the concession-holder. However, the ruling is being appealed against and, pending the appeal, enforcement of the ruling has been suspended. The total risk amounts to about €13 million and GEST Line has made what it considers to be an appropriate provision in its financial statements.

Finally, in the context of the reorganization of the tax collection system, Sanpaolo IMI has completed its sale of a 70 per cent. stake in GEST Line to Riscossione S.p.A., a predominantly state-owned company. However, Sanpaolo IMI is subject to an indemnity and guarantee in relation to the legal proceedings referred to above.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE BANCA INTESA GROUP

The annual financial information below as at and for the years ended 31st December, 2006 and 31st December, 2005 has been derived from each of the respective annual reports of Banca Intesa. Such financial information is not derived directly from the audited consolidated annual financial statements of Banca Intesa and has been reclassified in order to be presented on a more consistent basis. For financial information directly derived from the audited consolidated annual financial statements of Banca Intesa as at and for the years ended 31st December, 2006 and 31st December, 2005, see Appendix 1 on page 184.

The half-yearly financial information below as at and for the six months ended 30th June, 2007 and 2006 has been derived from the 2007 half-yearly report of Intesa Sanpaolo, is not directly derived from the unaudited consolidated half-yearly financial statements of Intesa Sanpaolo as at and for the six months ended 30th June, 2007 and has been reclassified in order to be presented on a more consistent basis.

Both the annual and the half-yearly financial statements referred to above are incorporated by reference in this Prospectus (see “Documents Incorporated by Reference”). The financial information below should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned annual and half-yearly financial statements.

Since 1st January, 2005 the consolidated financial statements of Banca Intesa have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union under Regulation (EC) 1606/2002 (“**IFRS**”).

All of the financial information set out below is derived from, should be read in conjunction with and is qualified entirely by reference to the pro forma balance sheet and income statement items, together with the accompanying notes and auditors’ report, all of which are incorporated by reference in this Prospectus.

Intesa Sanpaolo has also prepared unaudited pro forma financial information in connection with the merger between Banca Intesa and Sanpaolo IMI. This consists of the unaudited consolidated pro forma balance sheet and income statement information of Intesa Sanpaolo as at and for the years ended 31st December, 2006 and 2005 and as at and for the six months ended 30 June, 2005, all of which is incorporated by reference in this Prospectus, together with the examination reports by Reconta Ernst & Young S.p.A on the 2005 annual and 2006 half-yearly pro forma financial information. The 2006 annual pro forma financial information has not been audited or reviewed by independent auditors.

See also the historic audited consolidated annual financial statements of Sanpaolo IMI as at and for the years ended 31st December, 2006 and 2005 which are incorporated by reference in this Prospectus.

**BANCA INTESA S.p.A.**  
**RECLASSIFIED CONSOLIDATED ANNUAL BALANCE SHEETS**  
**AS AT 31/12/2006 AND 31/12/2005**

**Assets**

	<i>31/12/2006</i>	<i>31/12/2005<sup>(1)</sup></i>
	<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
<b>Total Assets .. .. .</b>	<b><u>291,781</u></b>	<b><u>273,760</u></b>

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

**Liabilities and Shareholders' Equity**

	<i>31/12/2006</i>	<i>31/12/2005<sup>(1)</sup></i>
	<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
<b>Total Liabilities and Shareholders' Equity .. .. .</b>	<b><u>291,781</u></b>	<b><u>273,760</u></b>

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

**BANCA INTESA S.p.A.**  
**RECLASSIFIED CONSOLIDATED ANNUAL STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED 31/12/2006 AND 31/12/2005**

	31/12/2006	31/12/2005 <sup>(1)</sup>
	<u>Unaudited</u>	<u>Unaudited</u>
	<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
<b>Operating income.. .. .</b>	<b>10,536</b>	<b>9,605</b>
Personnel expenses .. .. .	(3,138)	(3,063)
Other administrative expenses .. .. .	(1,780)	(1,705)
Adjustments to property, equipment and intangible assets .. .. .	(512)	(488)
<b>Operating costs .. .. .</b>	<b>(5,430)</b>	<b>(5,256)</b>
<b>Operating margin .. .. .</b>	<b>5,106</b>	<b>4,349</b>
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
<b>Income (Loss) before tax from continuing operations.. .. .</b>	<b>4,175</b>	<b>4,022</b>
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)
<b>Net income .. .. .</b>	<b>2,559</b>	<b>3,025</b>

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

The reclassified financial information set out below has not been derived directly from the unaudited consolidated financial statements of Intesa Sanpaolo as at and for the six months ended 30th June, 2007, on which Reconta Ernst & Young S.p.A. has performed a review in accordance with provisions contained in CONSOB Regulation No. 10867 of 31st July 1997. The tables below also show, balance sheet items relating to Banca Intesa Group as at 31st December, 2006 and unaudited income statement items relating to Banca Intesa Group for the six months ended 30th June, 2006. The consolidated financial statements as at 30th June, 2007, 31st December, 2006 and 30th June, 2006 have been prepared in accordance with IFRS.

**INTESA SANPAOLO**  
**RECLASSIFIED CONSOLIDATED HALF-YEARLY BALANCE SHEETS**

**Assets**

	<i>30/06/2007</i>	<i>31/12/2006<sup>(1)</sup></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	–
<b>Total Assets .. .. .</b>	<b>603,105</b>	<b>291,781</b>

(1) Figures relative to Gruppo Intesa.

## Liabilities and Shareholders' Equity

	30/06/2007	31/12/2006 <sup>(1)</sup>
	<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 (loss) .. .. .	5,359	2,559
<b>Total Liabilities and Shareholders' Equity .. .. .</b>	<b>603,105</b>	<b>291,781</b>

(1) Figures relative to Gruppo Intesa.

**INTESA SANPAOLO**  
**RECLASSIFIED CONSOLIDATED HALF-YEARLY STATEMENTS OF INCOME**

	<i>30/06/2007</i>	<i>30/06/2006<sup>(1)</sup></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
<b>Operating income</b> .. .. .	<b>9,378</b>	<b>4,458</b>
Personnel expenses .. .. .	(2,565)	(1,318)
Other administrative expenses .. .. .	(1,479)	(774)
Adjustments to property, equipment and intangible assets .. .. .	(395)	(224)
<b>Operating costs</b> .. .. .	<b>(4,439)</b>	<b>(2,316)</b>
<b>Operating margin</b> .. .. .	<b>4,939</b>	<b>2,142</b>
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
<b>Income (Loss) before tax from continuing operations</b> .. .. .	<b>4,122</b>	<b>1,816</b>
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)
<b>Net income</b> .. .. .	<b>5,359</b>	<b>1,476</b>
Basic EPS – Euro .. .. .	0.42	0.21
Diluted EPS – Euro .. .. .	0.42	0.21

(1) Figures relative to Gruppo Intesa.

The following tables provide a breakdown of the lending activities and show the composition of the deposits of the Intesa Sanpaolo as at 30th June, 2007 and 31st December, 2006. Such information is derived from the unaudited consolidated half-yearly financial statement of Intesa Sanpaolo as at and for the six months ended 30th June, 2007.

## LENDING ACTIVITY

### Loans to Customers

	<i>30/06/2007</i>	<i>31/12/2006<sup>(1)</sup></i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Current accounts .. .. .	31,654	22,878
Mortgages .. .. .	157,503	84,995
Advances and other loans .. .. .	119,430	70,675
Repurchase agreements .. .. .	11,253	2,971
Loans represented by securities .. .. .	5,111	4,351
Non-performing loans .. .. .	7,568	4,960
<b>Loans to Customers .. .. .</b>	<b><u>332,519</u></b>	<b><u>190,830</u></b>

(1) Figures relative to Gruppo Intesa.

### Loans to customers: loan portfolio quality

	<i>30/06/2007</i>	<i>31/12/2006<sup>(1)</sup></i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Doubtful loans .. .. .	2,810	1,662
Substandard and restructured loans .. .. .	3,845	2,859
Past due loans .. .. .	913	439
Non-performing loans .. .. .	7,568	4,960
Performing loans .. .. .	319,840	181,519
Loans represented by performing securities .. .. .	5,111	4,351
<b>Loans to Customers .. .. .</b>	<b><u>332,519</u></b>	<b><u>190,830</u></b>

(1) Figures relative to Gruppo Intesa.

## Information on subprime mortgages investment risk

Listed banks and insurance companies were asked by Supervisory Authority Consob in its communication No. 7079556 of 30th August 2007 to supply a number of figures and information relating to “subprime mortgages” in the report on operations included in their next available financial statements.

As at 31st August 2007, the Intesa Sanpaolo Group:

- did not have in its portfolio mortgages classifiable as subprime as the Group’s policy does not include lending of this kind;
- held in the portfolio financial products having US subprime mortgages as underlying assets or being linked to the latter (ABS, CDOs and unfunded positions in credit derivatives), actively managed through derivatives hedging, for a total net exposure equal to 33 million euro notional value, with no material impact on the consolidated statement of income for the first eight months of the current year;
- had not given guarantees connected to these products;
- had securities of this kind for a notional value of six million euro in funds of asset management/bancassurance companies; and
- did not have evidence of financial instruments connected to the subprime risk in its customer assets under administration and in custody.

Therefore, at present the group has no material exposure to the subprime risk. All investment instruments with sub-prime risk and related hedging are measured at the fair value.

## FUNDING ACTIVITY

### Customer financial assets

	<i>30/06/2007</i>	<i>31/12/2006</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Direct customer deposits .. .. .	374,427	202,762
Indirect customer deposits.. .. .	648,210	300,823
Netting <sup>(a)</sup> .. .. .	(28,088)	—
<b>Customer financial assets</b> .. .. .	<b>994,549</b>	<b>503,585</b>

(1) Figures relative to Gruppo Intesa.

(a) Netting refers to components of indirect deposits which are also included in direct customer deposits (financial liabilities of the insurance business designated at fair value, and fund-based bonds designated at fair value issue by Group companies and placed by the networks).

## Direct customer deposits

The table below sets out due to customers, securities issued, included those designated at fair value and certain insurance policies, with mainly financial features.

	<i>30/06/2007</i>	<i>31/12/2006<sup>(1)</sup></i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Current accounts and deposits .. .. .	177,026	108,220
Repurchase agreements and securities lending .. .. .	28,809	8,784
Bonds .. .. .	98,711	61,926
<i>of which designated at fair value<sup>(2)</sup></i> .. .. .	3,670	–
Certificates of deposit .. .. .	8,946	6,012
Subordinated liabilities .. .. .	16,573	10,729
Financial liabilities of the insurance business designated at fair value <sup>(3)</sup> ..	24,564	–
Other deposits .. .. .	19,798	7,091
<i>of which designated at fair value<sup>(2)</sup></i> .. .. .	4	–
<b>Direct customer deposits</b> .. .. .	<b>374,427</b>	<b>202,762</b>

(1) Figures relative to Gruppo Intesa.

(2) Figures included in the Balance sheet under the item Financial liabilities designated at fair value through profit and loss.

## Indirect customer deposits

	<i>30/06/2007</i>	<i>31/12/2006<sup>(1)</sup></i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in millions of Euro)</i>	
Mutual funds .. .. .	69,819	2,010
Open-ended pension funds .. .. .	1,444	–
Portfolio management .. .. .	60,129	26,863
Life technical reserves and financial liabilities .. .. .	68,018	30,008
Relations with institutional customers .. .. .	18,365	–
Assets under management .. .. .	217,775	58,881
Assets under administration and in custody .. .. .	430,435	241,942
<b>Indirect customer deposits</b> .. .. .	<b>648,210</b>	<b>300,823</b>

(1) Figures relative to Gruppo Intesa.

## RECENT EVENTS

On 5th October, 2007 Intesa Sanpaolo signed with Banca Carige, Credito Valtellinese, Veneto Banca and Banca Popolare di Bari (jointly, the “Purchasers”) sale and purchase agreements (the “Deal”) relating to 198 branches (the “Network”) to be sold by Intesa Sanpaolo in accordance with decision no. 16249 issued by the Italian Competition Authority (the “AGCM”) on 20th December, 2006, relating to the merger of Banca Intesa and Sanpaolo IMI.

As at 31st December, 2006, the Network had 3.5 billion euro in loans to customers, total customer deposits of 11.6 billion euro, of which direct customer deposits were 3.4 billion. In 2006, the Network generated operating income of approximately 290 million euro.

The finalisation of the Deal with the disposal of the branches to the Purchasers is expected by the first quarter of 2008 and is conditional upon the necessary authorisations from the competent authorities.

On 7th November, 2007, Intesa Sanpaolo concluded its purchase programme of its own ordinary shares to serve the share swap for acquisition of control of Carifirenze. The programme had been authorised by shareholders at their meeting held on 2nd October, 2007.

On 14 November, 2007, Intesa Sanpaolo's Management Board approved a project for the setting up of a Società di Investimento Immobiliare Quotata (SIIQ), a listed real estate investment company. Intesa Sanpaolo intends to capitalise on the opportunity of developing a new business offered by the recent introduction in Italy of SIIQs i.e. listed companies having the management of real estate portfolios and generation of lease income as the core business to which beneficial tax treatment applies.

On 22nd December, 2007, Parmalat S.p.A. and Intesa Sanpaolo S.p.A. reached an agreement settling all reciprocal claims that led to litigation arising from operations in the period preceding the insolvency declaration of the Parmalat Group (December 2003). The settlement brings all pending revocatory and damages actions and all reciprocal claims eventually to be filed to an end. The agreement established a total amount of euro 310 million to be paid by the Intesa Sanpaolo Group.

Furthermore, Parmalat S.p.A. reached an agreement with Cassa di Risparmio di Parma e Piacenza S.p.A. ("Cariparma") settling all reciprocal claims with the companies under extraordinary administration procedures and Parmalat on one hand, and Cariparma on the other hand, with withdrawal of all pending or possible revocatory and damages actions with payment by Cariparma of a total amount of Euro 83 million.

Within the same framework an agreement was reached for the settlement of the revocatory actions against Biverbanca S.p.A., with withdrawal of all actions and payment of a total amount of Euro 3 million.

Similar settlements were reached between the Intesa Sanpaolo Group and Cariparma on one side and the Commissioner of the Extraordinary Administration of the Parmatour Group and of Parma Associazione Calcio and of the other companies of the former Parmalat Group still in Extraordinary Administration on the other side. These agreements establish the withdrawal of all the pending and potential actions by the Extraordinary Commissioner and:

- The payment by the Intesa Sanpaolo Group of an amount of Euro 12.5 million to the Parmatour Group under Extraordinary Administration and the payment of an amount of Euro 2.5 million to Parma Associazione Calcio under Extraordinary Administration and the payment of a total amount of Euro 2 million to the other companies under Extraordinary Administration; and
- The payment by Cariparma of an amount of Euro 2.5 million to the Parmatour Group under Extraordinary Administration and the payment of an amount of Euro 2.5 million to Parma Associazione Calcio under Extraordinary Administration and the payment of a total amount of Euro 2 million to the other companies under Extraordinary Administration.

With reference to the settlement of all relations and claims involving the Intesa Sanpaolo Group with respect to the Parmalat Group default agreed upon with Parmalat S.p.A. (acting as Assumptor under the Parmalat composition with creditors, known as "Concordato"), Intesa Sanpaolo once more declared that the Group had been absolutely fair in its behaviour and totally unaware of the Parmalat state of insolvency and clarified that the Bank resolved upon the settlement only to avoid uncertainties which arise, as a matter of fact, from the involvement in a long lasting and very complex litigation while also considering the related heavy administrative costs.

In particular, the settlement agreed upon provides that, with the payment by the Intesa Sanpaolo Group of a total amount of 310 million euro, all revocatory actions filed (for approximately 1.7 billion euro) and damage claims filed (for approximately 3.2 billion euro, of which approximately 1.9 billion jointly and severally with another intermediary), as well as revocatory actions or damage claims eventually to be filed, are to be waived.

Similar settlements were agreed upon between the Intesa Sanpaolo Group and the Commissioner of the Extraordinary Administration Procedure of the Parmatour Group and Parma Associazione Calcio and the other companies of the former Parmalat Group still under Extraordinary Administration, establishing the Intesa Sanpaolo Group to pay 12.5 million euro destined for the Parmatour Group, 2.5 million euro for Parma Associazione Calcio and a total amount of 2 million euro for the other companies under Extraordinary Administration.

Intesa Sanpaolo pointed out that the Group's total payment of 327 million euro is covered with provisions for approximately 240 million euro set aside in previous fiscal years. As regards the Bank's former subsidiary Cassa di Risparmio di Parma e Piacenza S.p.A., they set aside provisions for 90 million euro in previous fiscal years which fully cover the commitments made in the settlement reached with Parmalat S.p.A. and the Commissioner of the Extraordinary Administrative Procedure of the Parmatour Group and Parma Associazione Calcio and the other companies of the former Parmalat Group still under Extraordinary Administration.

Finally, Intesa Sanpaolo informed that the Bank is expected to be included in the list of creditors of the Parmalat Group Companies involved in the "Concordato" for an amount of 100 million euro to be settled by the assignment to Intesa Sanpaolo of shares (and warrants) of Parmalat S.p.A. on the basis of the recovery ratio applied to each company in the "Concordato" for a current market value of approximately 20 million euro.

On 27th December, 2007, Intesa Sanpaolo S.p.A. and Crédit Agricole S.A. took the last step in unwinding CAAM SGR (which has changed its corporate name on 15th December 2007 in Eurizon Investimenti SGR), their joint venture in asset management in Italy, in line with the commitment made in connection with the Intesa Sanpaolo merger. This final phase involves the purchase by Intesa Sanpaolo of the activities attributable to the 65 per cent of Nextra Investment Management sold by Banca Intesa to Crédit Agricole S.A. in December 2005. In addition, Intesa Sanpaolo S.p.A. and Crédit Agricole S.A. agreed at the same date on the exercise of their respective options forover the sale to the Crédit Agricole Group of Intesa Sanpaolo's 49 per cent total interest in AGOS S.p.A., their joint venture in the consumer credit business in Italy. AGOS S.p.A. will carry on its business as a subsidiary of Sofinco, a Crédit Agricole S.A. Group company; this transaction is expected to be finalised in 2008, once the necessary authorisations are obtained. All the above is in accordance with the decision of the Italian Competition Authority "AGCM" issued on 20th December, 2006.

## DESCRIPTION OF INTESA SANPAOLO BANK IRELAND p.l.c.

### History

Intesa Sanpaolo Bank Ireland p.l.c. (“**INSPIRE**”), a wholly-owned subsidiary of Intesa Sanpaolo, was incorporated in Ireland on 22nd September 1987 under the Irish Companies Acts, 1963 to 1986 (now the Companies Acts 1963 to 2005, as amended) under company registration number 125216. On 2nd October 1998, INSPIRE was granted a banking licence by the Central Bank of Ireland under section 9 of the Irish Central Bank Act 1971.

INSPIRE 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. As a fully licensed bank in Ireland, INSPIRE is subject to regulation by IFSRA.

INSPIRE’s registered office is located at 3rd floor, KBC House, 4 George’s Dock, IFSC Dublin 1 (tel: +353 1 6726 720).

### Integration of the activities of Intesa Sanpaolo Bank Ireland p.l.c. and Intesa Bank Ireland p.l.c.

The merger in Italy of Banca Intesa SpA and Sanpaolo IMI SpA, effective from 1st January 2007, was approved in Ireland by both the Competition Authority and IFSRA.

Pursuant to a plan to integrate the banking subsidiaries of Intesa Sanpaolo, the respective Board of Directors of IBI and INSPIRE, formally approved the transfer of substantially all the assets and liabilities of IBI to INSPIRE on 28th June, 2007.

As part of this transfer process, INSPIRE, by a Supplemental Trust Deed and a Supplemental Agency Agreement dated 27th September, 2007, has assumed the obligations under the Notes originally issued by IBI (the “**Notes**”) under the Programme and under the existing trust deeds and agency agreements (for so long as any Notes are outstanding). Copies of the Supplemental Trust Deed and the Supplemental Agency Agreement may be obtained by Noteholders during normal business hours at the specified office of the Principal Paying Agent and Listing Agent in Luxembourg and the Paying Agent in Dublin and at the registered offices of INSPIRE.

The transfer process was completed in November 2007 with the remaining banking activities of IBI ceasing on 28th November, 2007. On 30th November, 2007, IBI was placed into voluntary liquidation and is awaiting confirmation of the revocation of its banking licence by IFSRA.

### Activities

As a licenced bank, the principal areas of business of INSPIRE include:

- International lending to corporate and credit Institutions on a bilateral or syndicated basis;
- Intra-Group lending;
- Management of a portfolio of investment securities; and
- Treasury activities.

INSPIRE operates in a number of countries and its credit exposures are widely diversified geographically, with an emphasis on Europe and North America.

INSPIRE has no direct or indirect exposure to the U.S. sub-prime market.

## Board of Directors

The current composition of the Board of Directors of INSPIRE is as follows:

<u>Name, Title and Business Address</u>	<u>Principal Activities outside Intesa Sanpaolo Bank Ireland</u>
Stefano Del Punta, Chairman Intesa Sanpaolo S.p.A. Piazza San Carlo, 156 10121 Turin (TO) Italy	Treasury Department of Intesa Sanpaolo S.p.A. Director of Banca IMI Securities Corp Director of Banca IMI S.p.A. Director of Fondo Pensione Sanpaolo IMI Director of FPSPi SICAV Luxembourg Chairman of IMI Capital Markets USA Corp Chairman of Sanpaolo IMI Bank (International) SA, Madeira
Corrado Casalino Intesa Sanpaolo S.p.A. 90 Queen Street London EC4N 1SA United Kingdom	Head of Area Europe & Mediterranean Region Director of SEB Luxembourg Director of Banca Intesa France
Pier Carlo Arena Intesa Sanpaolo Bank Ireland p.l.c 3rd Floor, KBC House 4 George's Dock, IFSC Dublin 1 Ireland	Director of Sanpaolo Invest Ireland Ltd Director of Tobuk Ltd Director of Sanpaolo IMI Bank (International) SA, Madeira Director of Intesa Global Finance Co. Ltd
Nathaniel Healy Newcastle House Newcastle Co. Wicklow Ireland	Director of Systems 2001 Asset Trust Ireland p.l.c Director of Tobuk Ltd Director of Trident Aircraft Leasing Services Ltd Director of Trident Aviation Holdings (Irl) Ltd Director of Trident Aviation Leasing Services (Irl) Ltd Director of Trident Leasing Services (Jersey) Ltd Director of Trident Jet (Dublin) Ltd Director of Trident Jet Leasing (Irl) Ltd Director of Trident Turboprop (Dublin) Ltd
Paolo Andrea Ricciardi Intesa Sanpaolo S.p.A. 90 Queen Street London EC4N 1SA United Kingdom	Syndications & Structuring Department of Intesa Sanpaolo S.p.A.
Ian Letchford 60 Eagle Valley Powerscourt Enniskerry, Co. Wicklow Ireland	Director of Aviateur Capital Ltd
Giancarlo Sivilotti Intesa Sanpaolo S.p.A. Piazza Della Scala, 6 20121 Milan	Credit Decision Department Intesa Sanpaolo S.p.A. Chairman of Sanpaolo Leasint S.p.A. Chairman of Supervisory Board of Inter-Europa Bank

Marco Antonio Bertotti  
Intesa Sanpaolo S.p.A.  
Piazza San Carlo, 156  
10121 Turin (TO)  
Italy

Treasury Department of Intesa Sanpaolo S.p.A.

INSPIRE is not aware of any potential conflicts of interest between the duties to Intesa Sanpaolo Bank Ireland p.l.c. of each of the members of the Board of Directors listed above and his private interests or other duties.

## SUMMARY FINANCIAL INFORMATION RELATING TO INSPIRE

The unconsolidated annual financial statements of Intesa Sanpaolo Bank Ireland p.l.c. as at and for the year ended 31st December 2005 were audited by PricewaterhouseCoopers and prepared in accordance with the Irish Companies Act 1963 to 2005, as amended and accounting principles in Ireland (“**Irish GAAP**”). The unconsolidated annual financial statements of Intesa Sanpaolo Bank Ireland p.l.c. as at and for the year ended 31st December 2006 incorporated by reference into this Prospectus were audited by PricewaterhouseCoopers and have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/1992 and related transitional regulations (“**IFRS**”).

The following tables show balance sheet and income statement information of INSPIRE as at and for the years ended 31st December 2006 and 2005. Such financial information is derived from, should be read in conjunction with and is qualified entirely by reference to the full audited unconsolidated annual financial statements of INSPIRE as at and for the years ended 31st December 2006 and 2005, together with the accompanying notes and auditors' report, all of which are incorporated by reference in this Prospectus.

With effect from 1 January 2007, the independent auditors of INSPIRE are Ernst & Young Chartered Accountants. The half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2007 is not audited.

### **European Communities (Credit Institutions: Accounts) Regulations 1992 of Ireland (the “Accounts Regulations”)**

The financial information in relation to any financial year of INSPIRE contained in this Prospectus does not constitute full financial statements within the meaning of regulation 6 of the Accounts Regulations. Full financial statements of INSPIRE have been prepared for the financial years ended 31st December 2006 and 2005 and the auditors have given unqualified reports on such financial statements which have been annexed to the relevant annual returns delivered to the Registrar of Companies of Ireland.

**INTESA SANPAOLO BANK IRELAND p.l.c.**  
**ANNUAL BALANCE SHEETS**

As at  
31/12/2006 31/12/2005

*(in thousands of Euro)*

**ASSETS**

Cash and balance with central banks .. .. .	91,929	20,568
Loans and advances to banks .. .. .	10,815,567	7,491,728
Financial instruments at fair value through income statement .. .. .	142,051	217,883
Derivative financial instruments .. .. .	77,676	63,949
Loans and advances to customers .. .. .	611,578	1,180,136
Available for sale debt securities .. .. .	32,720	13,493
Property, plant and equipment .. .. .	161	112
Prepayments and accrued income .. .. .	177	221
Deferred income tax assets .. .. .	583	613
Corporation tax .. .. .	41	54
Other assets .. .. .	140	65
<b>Total assets .. .. .</b>	<b>11,772,623</b>	<b>8,988,822</b>

**LIABILITIES**

Deposits from banks .. .. .	1,067,401	1,812,030
Derivative financial instruments .. .. .	88,567	89,670
Due to customers .. .. .	123,707	22,526
Debt securities in issue .. .. .	9,922,998	6,515,165
Accruals and deferred income .. .. .	1,089	922
Other liabilities .. .. .	1,136	1,281
Corporation tax .. .. .	218	249
<b>Total liabilities.. .. .</b>	<b>11,205,116</b>	<b>8,441,843</b>

**EQUITY**

Share capital .. .. .	7,500	7,500
Share Premium .. .. .	1,025	1,025
Other reserves .. .. .	504,700	504,703
Retained earnings .. .. .	54,282	33,751
<b>Total Equity .. .. .</b>	<b>567,507</b>	<b>546,979</b>
<b>Total liabilities and shareholders' funds .. .. .</b>	<b>11,772,623</b>	<b>8,988,822</b>

**INTESA SANPAOLO BANK IRELAND p.l.c.**  
**ANNUAL INCOME STATEMENTS**

	<i>31/12/2006</i>	<i>31/12/2005</i>
	<i>(in thousands of Euro)</i>	
Interest and similar income .. .. .	317,888	71,645
Interest expense and similar charges .. .. .	(289,399)	(52,641)
<b>Net interest income .. .. .</b>	<b>28,489</b>	<b>19,004</b>
Fees and commissions income .. .. .	1,702	1,884
Fees and commissions expense .. .. .	(1,314)	(734)
Net trading income .. .. .	(1,513)	(414)
Foreign Exchange profit .. .. .	5	30
Other operating income (expense) .. .. .	17	(7)
<b>Total operating income .. .. .</b>	<b>27,386</b>	<b>19,763</b>
Administrative expenses .. .. .	(3,678)	(3,251)
Impairment losses on loans and advances .. .. .	(467)	174
<b>Operating profit/profit on ordinary activities before tax-continuing activities.. .. .</b>	<b>23,241</b>	<b>16,686</b>
Tax on profit on ordinary activities .. .. .	(2,710)	(1,649)
<b>Profit for the financial year .. .. .</b>	<b>20,531</b>	<b>15,037</b>

**INTESA SANPAOLO BANK IRELAND p.l.c.**  
**HALF-YEARLY INCOME STATEMENTS**

	<i>30/06/2007</i>	<i>30/06/2006</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in thousands of Euro)</i>	
Interest and similar income .. .. .	246,885	146,412
Interest expense and similar charges .. .. .	(229,599)	(133,721)
<b>Net interest income</b> .. .. .	<b>17,286</b>	<b>12,691</b>
Net fees .. .. .	(304)	86
Net trading income/(loss) .. .. .	426	(921)
Exchange gain/(loss) .. .. .	516	(71)
<b>Total operating income</b> .. .. .	<b>17,924</b>	<b>11,785</b>
Administrative expenses .. .. .	(1,933)	(1,747)
Impairment provision .. .. .	(91)	(633)
<b>Net profit before tax</b> .. .. .	<b>15,900</b>	<b>9,405</b>
Tax on profit on ordinary activities .. .. .	(1,985)	(1,169)
<b>Profit after tax</b> .. .. .	<b>13,915</b>	<b>8,236</b>

**INTESA SANPAOLO BANK IRELAND p.l.c.**  
**HALF-YEARLY BALANCE SHEETS**

	<i>30/6/2007</i>	<i>30/6/2006</i>
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>(in thousands of Euro)</i>	
<b>ASSETS</b>		
Securities - carried at fair value .. .. .	128,321	145,907
Securities - available for sale .. .. .	32,477	32,902
Sundry debtors and deferred expenses .. .. .	307	40
Bank deposits .. .. .	2,152,011	1,311,521
Loans advanced.. .. .	10,497,107	6,375,261
Fixed assets.. .. .	133	86
Deferred tax.. .. .	577	593
Corporation tax receivable .. .. .	27	40
Accrued interest receivable .. .. .	214	189
Derivative financial instruments .. .. .	102,568	56,859
<b>Total assets</b> .. .. .	<b>12,913,742</b>	<b>7,923,398</b>
<b>LIABILITIES</b>		
Funds received .. .. .	1,602,637	1,453,967
Debt securities in issue .. .. .	10,622,522	5,842,776
Corporation tax payable.. .. .	2,189	1,372
Accruals & deferred income .. .. .	2,037	1,932
Derivative financial instruments .. .. .	103,007	68,201
<b>Total liabilities</b> .. .. .	<b>12,332,392</b>	<b>7,368,248</b>
<b>EQUITY</b>		
Share capital .. .. .	7,500	7,500
Share premium .. .. .	1,025	1,025
Other reserves .. .. .	504,157	504,167
Retained earnings .. .. .	68,668	42,458
<b>Total equity</b> .. .. .	<b>581,350</b>	<b>555,150</b>
<b>Total liabilities and shareholders' funds</b> .. .. .	<b>12,913,742</b>	<b>7,923,398</b>

## TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. Neither Intesa Sanpaolo or INSPIRE will update this summary to reflect changes in law and, if any such change occurs, the information in this summary could be superseded. In this respect, a general reform of the tax treatment of financial income, which may impact the tax regime of the Notes, as described under this section, is under consideration by the Italian Government.

### **Taxation of Interest**

#### **Taxation of the Notes issued by Intesa Sanpaolo**

##### **Italian Resident Noteholders**

Pursuant to Decree 239, where the Italian resident holder of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni or titoli similari alle obbligazioni* and have a maturity of eighteen months or more, who is the beneficial owner of such Notes, is:

- (a) an individual holding Notes otherwise than in connection with entrepreneurial activity (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21st November, 1997, as amended (“**Decree No. 461**”) – the “**Asset Management Option**”); or
- (b) a partnership (other than a *societa' in nome collettivo* or *societa' in accomandita semplice* or similar partnership), *de facto* partnership not carrying out commercial activities or professional association; or
- (c) a private or public institution not carrying out mainly or exclusively commercial activities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as “net recipients”.

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree 239, the 12.5 per cent. *imposta sostitutiva* is applied by banks, *societa' di intermediazione mobiliare* (so called “SIMs”), fiduciary companies, *societa' di gestione del risparmio* (SGRs), stock brokers and other qualified entities resident in Italy (“**Intermediaries**” and each an “**Intermediary**”), or by permanent establishments in Italy of banks or intermediaries resident outside Italy, that must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes.

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld:

- by any Italian bank or any Italian Intermediary paying Interest to the Noteholders; or
- by the Issuer.

Payments of Interest in respect of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have a maturity of eighteen months or more, are not subject to the 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 252 of 5th December, 2005 (“**Decree No. 252**”), Italian resident real estate investment funds; and (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Option. Such categories are qualified as “gross recipients”. To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iii) must (a) be the beneficial owners of payments of Interest on the Notes and (b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld:

- by any Italian bank or any Italian Intermediary paying Interest to the Noteholder; or
- by the Issuer,

and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitute tax (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

Italian collective investment funds and SICAVs are subject to annual substitute tax at a rate of 12.5 per cent. (the “**Collective Investment Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Italian resident pension funds subject to the regime provided by Articles 14, 14-ter and 14-quater, paragraph 1, of Decree No. 124, are subject to an 11 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund.

## Non-Italian resident Noteholders

According to Decree 239, payments of Interest in respect of the Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have a maturity of eighteen months or more will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent. provided that:

- (a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected; and
- (b) such beneficial owners are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information; and
- (c) all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

The 12.5 per cent. *imposta sostitutiva* may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes; and
- (b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) timely file with the relevant depository a self-assessment (*autocertificazione*) stating, *inter alia*, that he or she is resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-assessment (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12th December, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The self-assessment (*autocertificazione*) is not requested for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident Noteholder to timely comply with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Noteholder.

## Taxation of Notes issued by INSPIRE

### *Italian resident Noteholders*

Decree 239 regulates the tax treatment of interest, premiums and other income from notes issued, *inter alia*, by non-Italian resident entities. The provisions of Decree 239 only apply to interest,

premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as “**Interest**”) from those Notes issued by INSPIRE which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Decree No. 917.

Where the Italian resident holder of Notes issued by INSPIRE that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have a maturity of eighteen months or more, who is the beneficial owner of such Notes, is:

- (a) an individual holding Notes otherwise than in connection with entrepreneurial activity, (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the Asset Management Option); or
- (b) a partnership (other than a *societa' in nome collettivo* or *societa' in accomandita semplice* or similar partnership), *de facto* partnership not carrying out commercial activities or professional association; or
- (c) a private or public institution not carrying out mainly or exclusively commercial activities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as “net recipients”.

Where the resident holders of the Notes described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Pursuant to Decree 239, the 12.5 per cent. *imposta sostitutiva* is applied by Intermediaries or by permanent establishments in Italy of banks or Intermediaries resident outside Italy.

Pursuant to Decree 239, Intermediaries (or permanent establishment in Italy of foreign Intermediaries) must intervene in any way in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian intermediary paying Interest to the Noteholders.

Payments of Interest in respect of Notes issued by INSPIRE that qualify as *obbligazioni* or *titoli similari alle obbligazioni* and have a maturity of eighteen months or more, are not subject to the 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Decree No. 252, Italian resident real estate investment funds; and (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial intermediary and have opted for the Asset Management Option. Such categories are qualified as “gross recipients”. To ensure payment of Interest in respect of the Notes without the application of 12.5 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iii) must (a) be the beneficial owners of payments of Interest on the Notes and (b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary). Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or permanent establishment in Italy of foreign intermediary), the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian intermediary paying Interest to the Noteholder and gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules, and such beneficial owners should be generally entitled to a tax credit for any withholding taxes applied outside Italy on Interest on Notes issued by INSPIRE.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to the 12.5 per cent. annual Asset Management Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian collective investment funds and SICAVs are subject to the 12.5 per cent. annual Collective Investment Fund Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Italian resident pension funds subject to the regime provided by articles 17 of Decree No. 252, are subject to an 11 per cent. annual Pension Fund Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Where a Noteholder is an Italian real estate investment fund subject to the provisions of Law Decree No. 351 of 25th September, 2001, as amended, Interest relating to the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund.

Where Interest on Notes with maturity of eighteen months or more issued by INSPIRE and beneficially owned by Noteholders qualifying as net recipients, as defined above, are not collected through the intervention of an Italian resident intermediary and as such no *imposta sostitutiva* is applied, the Italian resident beneficial owners qualifying as net recipients will be required to declare Interest in their yearly income tax return and subject them to final substitute tax at a rate of 12.5 per cent., unless option for a different regime is allowed and made. Italian resident net recipients that are individuals not engaged in entrepreneurial activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

#### *Non-Italian resident Noteholders*

Interest payments relating to Notes issued by INSPIRE and received by non-Italian resident beneficial owners are not subject to taxation in Italy.

If Notes issued by INSPIRE and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign Intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a self-assessment (*autocertificazione*) stating that he or she is not resident in Italy for tax purposes.

#### **Fungible issues**

Pursuant to Article 11, paragraph 2 of Decree 239, where Intesa Sanpaolo issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed

to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes. Under these circumstances, the issue price of a new Tranche may be deemed to be lower than its actual value and the amounts deducted for tax purposes may be higher than would otherwise be the case if the Tranche were not fungible.

### **Early Redemption of Notes with an original maturity of eighteen months or longer**

Without prejudice to the above provisions, Notes issued by Intesa Sanpaolo with an original maturity of eighteen months or longer which are redeemed within eighteen months from the date of issue, are subject to an additional tax on such early redemption due by the Issuer at the rate of 20 per cent. in respect of Interest accrued on the Notes up to the date of the early redemption pursuant to Article 26, 1st paragraph, of Presidential Decree No. 600 of 29th September 1973, as amended ("**Decree 600**"). In respect of Notes issued by INSPIRE with an original maturity of eighteen months or longer which are redeemed within eighteen months from their date of issue, such additional tax is withheld by the intermediary responsible for the payment of interest on the redemption of the Notes from the payment of the Interest on the Notes and does not apply to payments of Interest made to non-Italian resident Noteholders. According to one interpretation of Italian tax law, the above 20 per cent. additional amount may also be due in the event of any purchase of Notes by Intesa Sanpaolo or INSPIRE as the case may be, with subsequent cancellation thereof prior to eighteen months from the date of issue.

### **Notes with a maturity of less than eighteen months**

Notes with an original maturity of less than eighteen months issued by Intesa Sanpaolo and/or INSPIRE are subject to a withholding tax or, in the case of Notes issued by INSPIRE, to an *imposta sostitutiva* levied at the rate of 27 per cent. in respect of Interest.

### **Atypical securities**

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27 per cent. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian-resident issuer, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax.

If the Notes are issued by a non-Italian resident Issuer, the 27 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership or (iii) a commercial private or public institution.

### **Payments made by the Guarantor**

There is no authority directly regarding the Italian tax regime of payments on Notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not support such an alternative treatment.

With respect to payments made by Intesa Sanpaolo as Guarantor under the Trust Deed in respect of Notes issued by IBI or by INSPIRE, in accordance with one interpretation of Italian fiscal law, any such payments may be subject to Italian withholding tax at the rate of 12.5 per cent. levied as a final tax or a provisional tax (“*a titolo d’imposta o a titolo di acconto*”) depending on the residential “status” of the Noteholder, pursuant to Decree No. 600. In the case of payments to non-Italian residents, the withholding tax should be final and may be applied at the rate of 27 per cent. if, in certain circumstances, payments are made to non-Italian residents who are resident in a country with a “privileged tax regime” as defined in Article 110 of Decree No. 917, and identified by a Decree of the Treasury Ministry of 23rd January, 2002, both as amended from time to time. Double taxation treaties entered into by Italy may apply allowing for a lower (or in certain cases, nil) rate applicable of the withholding tax in case of payments to non-Italian residents.

In accordance with another interpretation, any such payment made by the Guarantor should be treated, in certain circumstances, as a payment by the relevant Issuer and made subject to the tax treatment described above under “Taxation of Notes issued by the Issuers”.

## Capital Gains

### *Notes Issued by Intesa Sanpaolo*

Pursuant to Decree No. 461, a 12.5 per cent. capital gains tax (referred to as “*imposta sostitutiva*”) is applicable to capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes issued by Intesa Sanpaolo are connected, on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called “tax declaration regime”, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities, the 12.5 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes (“*risparmio amministrato*” regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being timely made in writing by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Special rules apply if the Notes are part of (i) a portfolio managed in a regime of Asset Management Option (“*risparmio gestito*” regime) by an Italian asset management company or an

authorised intermediary or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comune di Investimento* or SICAV). In both cases, the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 12.5 per cent. *imposta sostitutiva* on capital gains but will respectively contribute to determine the taxable base of the Asset Management Tax and of the Collective Investment Fund Tax.

In particular, under the Asset Management Option, any appreciation of the Notes, even if not realised, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year-end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not requested to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

In the case of Notes held by investment funds and SICAVs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the funds or SICAVs accrued at the end of each tax year, subject to the Collective Investment Fund Tax at the relevant applicable rate.

The 12.5 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a self-assessment (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *risparmio amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-assessment (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and
- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *risparmio amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self declaration not to be resident in Italy for tax purposes.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

#### *Notes issued by INSPIRE*

Pursuant to Decree No. 461, a 12.5 per cent. capital gains tax (referred to as “*imposta sostitutiva*”) is applicable to capital gains realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes issued by the relevant Issuer are connected, on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called “tax declaration regime”, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activities, the 12.5 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the tax declaration regime, holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes (“*risparmio amministrato*” regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the so-called *risparmio amministrato* regime being timely made in writing by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Special rules apply if the Notes are part of (i) a portfolio managed in a regime of Asset Management Option (“*risparmio gestito*” regime) by an Italian asset management company or an authorised intermediary or (ii) an Italian *Organismo di Investimento Collettivo del Risparmio* (which includes a *Fondo Comune di Investimento* or SICAV). In both cases, the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 12.5 per cent. *imposta sostitutiva* on capital gains but will respectively contribute to determine the taxable base of the Asset Management Tax and of the Collective Investment Fund Tax.

In particular, under the Asset Management Option, any appreciation of the Notes, even if not realised, will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year-end may be carried forward against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Option the realised capital gain is not requested to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

In the case of Notes held by investment funds and SICAVs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the funds or SICAVs accrued at the end of each tax year, subject to the Collective Investment Fund Tax at the relevant applicable rate.

The 12.5 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy. However, the same exemptions illustrated under *Section Capital gains – Notes issued by Intesa Sanpaolo* – apply to the benefit of non-Italian residents if capital gains on the Notes might become taxable due to the holding of the Notes in Italy.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

### **Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3rd October, 2006, converted with amendments by Law No. 286 of 24th November, 2006 effective from 29th November, 2006, and Law No. 296 of 27th December, 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and
- (d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18th October, 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

## Transfer tax

### *General*

Pursuant to Legislative Decree No. 435 of 21st November, 1997, which amended the regime laid down by Royal Decree No. 3278 of 30th December, 1923, the transfer of Notes may be subject to Italian transfer tax (*tassa sui contratti di borsa*) at a rate between a maximum of euro 0.0083 and a minimum of euro 0.00465 for every euro 51.65, or part of euro 51.65, of the price at which the Notes are transferred. In certain cases, however, the amount of transfer tax cannot exceed euro 929.62 for each transaction.

### *Exemptions*

In general, transfer tax is in any case not levied, *inter alia*, in the following cases:

- (a) contracts relating to listed securities entered into on regulated markets;
- (b) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
  - (i) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to Legislative Decree No. 415 of 23rd July, 1996, as superseded by Decree No. 58 of 24th February, 1998, as amended (“**Decree 58**”), or stockbrokers among themselves;
  - (ii) between authorised intermediaries as referred to in paragraph (i) above and non-Italian residents;
  - (iii) between authorised intermediaries as referred to in paragraph (i) above, also non-Italian resident, and undertakings for collective investment of saving income;
- (c) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;
- (d) contracts for a consideration of less than euro 206.58;
- (e) securities lending and securities transactions; and
- (f) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (b)(i) above, on the one hand, and non-Italian residents, on the other hand.

## Tax Monitoring Obligations

Italian resident individuals will be required to report in their yearly income tax return, according to Law Decree No. 167 of 28th June, 1990 converted into law by Law Decree No. 227 of 4th August, 1990, for tax monitoring purposes:

- (a) the amount of Notes (issued by INSPIRE) held at the end of each tax year, if exceeding in the aggregate €10,000.00; and
- (b) the amount of any transfers from abroad, towards abroad and occurring abroad, related to the Notes (issued by INSPIRE), occurring during each tax year, if these transfers exceed in the aggregate €10,000.00. This also applies in the case that at the end of the tax year, Notes are no longer held by Italian individuals.

Italian individuals will however not be required to comply with the above reporting requirements with respect to Notes deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes are received through the intervention of the same intermediaries.

## European Withholding tax directive

On 3rd June 2003, the Council of the European Union adopted the EU Directive No. 2003/48/EC regarding the taxation of savings income (the “**European Savings Directive**”). According to the European Savings Directive, each member State of the European Union (a “**Member State**”) is required to provide to the tax authorities of other States of the European Union details of the interest payments by a person within its jurisdiction to individuals resident in that other State. However, Austria, Belgium and Luxembourg are allowed to apply a withholding system for a transitional period.

Italy has implemented the Directive through Legislative Decree No. 84 of 18th April 2005 (the “**Decree 84/2005**”). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1st July 2005 (including the case of interest accrued on the Certificates at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in certain associated territories of Member States, Italian paying agents (i.e. banks, Italian investment firms (“*società di intermediazione mobiliare – SIM*”), fiduciary companies, Italian management company (“*società di gestione del risparmio – SGR*”) resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, undertakings for collective investments in transferable securities (“**UCITS**”) recognised in accordance with Directive 85/611/EEC.

## Ireland Taxation

*The following summary of the anticipated tax treatment in Ireland in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this document. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and the Interest on them. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest and distributions (whether or not on a winding-up) with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.*

## Irish Withholding Tax on the Notes

In general, withholding tax at the rate of 20 per cent. must be deducted from Irish source yearly interest payments made by an Irish company. However no withholding for or on account of Irish income tax is required to be made on interest arising on the Notes in a number of circumstances.

## Notes issued by Intesa Sanpaolo

Payments of interest in respect of Notes issued by Intesa Sanpaolo will be made without deduction of withholding tax in circumstances where Intesa Sanpaolo, does not, in issuing the Notes or making the relevant payments:

- (a) operate out of Ireland; or

- (b) make the payments through a paying agent located in Ireland.

### **Notes issued by INSPIRE having a maturity less than one year**

Payments of interest in respect of Notes issued may be made without deduction or withholding of tax where the maturity of the Notes is less than one year.

### **Notes issued by INSPIRE having a maturity over one year**

*Section 246(3)(b) of the Taxes Consolidation Act 1997, as amended (the “Taxes Act”)*

The obligation to withhold tax does not apply to interest payments made by a bank such as INSPIRE in the ordinary course of a bona fide banking business in Ireland.

#### *Quoted Eurobond exemption*

Section 64 (“**Section 64**”) of the Taxes Act provides for the payment of interest on a “quoted Eurobond” without a deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which:

- (a) is issued by a company;
- (b) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established); and
- (c) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland, or
- (b) the payment is made by or through a person in Ireland, and
  - (i) the quoted Eurobond is held in a recognised clearing system within the meaning of section 246A of the Taxes Act (a “**Recognised Clearing System**”) (Euroclear, Clearstream, Luxembourg, DTC and Monte Titoli S.p.A. have been designated as Recognised Clearing Systems); or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration in the prescribed format to this effect.

The Revenue Commissioners of Ireland (the “**Revenue Commissioners**”) have confirmed that definitive bearer Notes issued in exchange for interests in global Notes held within a Recognised Clearing System will continue to be regarded as held within a Recognised Clearing System for the purposes of (b)(i).

#### *Section 246(3)(h) of the Taxes Act*

The obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by a company such as INSPIRE in the ordinary course of a trade or business carried on by it to a company resident in a relevant territory under the laws of that relevant territory. The interest must not relate to an Irish branch or agency of the recipient. A relevant territory for this purpose is a Member State of the European Union, other than Ireland, or not being such a Member State, a territory with which Ireland has entered into a double tax treaty that is in effect. The jurisdictions with which Ireland has entered into a double tax treaty are outlined as follows: Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Israel, Italy, Japan, Republic of Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway,

Pakistan, Poland, Portugal, Romania, Russia, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, the United Kingdom, the United States of America and Zambia.

Double tax treaties with Argentina, Egypt, Georgia, Kuwait, Macedonia, Malta, Moldova, Morocco, Tunisia, Turkey, Ukraine and Vietnam are in the course of being negotiated. A new treaty was signed with Chile on 2nd June, 2005 but it is not yet in effect.

#### *Applicable Double Tax Treaty*

A requirement to operate Irish withholding tax on interest may be obviated or reduced pursuant to the terms of an applicable double tax treaty (see above).

#### *Discounts*

The Revenue Commissioners have confirmed that discounts arising on Notes will not be subject to Irish withholding tax.

#### *Dividend Withholding Tax*

In the case of the Notes, where the consideration given by INSPIRE, as the case may be, for the use of the principal secured is dependent on the results of the relevant Issuer's business, interest payments made will be deemed to be a distribution as prescribed by Section 130 of the Taxes Act, as amended. Accordingly, dividend withholding tax may apply.

#### *Section 172D of the Taxes Act*

This section provides that the Irish law provisions whereby an Irish resident company must withhold tax (currently 20%) when it makes a relevant distribution shall not apply in certain circumstances. Provided the requisite declarations in the prescribed format, are in place, the following are included in the categories of shareholders exempted from the scope of dividend withholding tax:

- (a) a person who is neither resident nor ordinarily resident in Ireland *and* is a resident of country with which Ireland has a double tax treaty that is in effect (a "**tax treaty country**") *or* is a resident of an EU Member State (other than Ireland);
- (b) companies which are ultimately controlled by persons who are resident in another EU Member State or tax treaty country;
- (c) companies not resident in Ireland which are themselves resident in an EU Member State or tax treaty country and are not under the control, whether directly or indirectly, of Irish residents; and
- (d) companies, the principal class of whose shares or the shares of its 75% parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance.

#### **Deposit Interest Retention Tax (DIRT)**

No DIRT will be deductible in respect of Notes which are issued by Intesa Sanpaolo provided that:

- (a) the Issuer is not resident in Ireland for corporation tax purposes; and
- (b) the Note is recorded in the books of Intesa Sanpaolo other than as a liability of a branch of Intesa Sanpaolo situate in Ireland.

A relevant deposit taker (as defined by Section 256 of the Taxes Act) such as INSPIRE is obliged to withhold standard rate income tax (currently 20%) from certain interest payments or other returns. However there are certain exceptions to this as set out below:

Insofar as the Notes constitute a debt on a security issued by INSPIRE and are listed on a stock exchange, DIRT shall not apply.

The Revenue Commissioners agree that DIRT which would otherwise be applicable will not apply to interest or other returns paid in respect of unquoted euro commercial paper (such as the Notes issued by INSPIRE) that do not mature within two years issued to persons not resident in Ireland and not offered in Ireland, subject to certain specified conditions which are set out in the selling restrictions or below. These conditions require that:-

- (i) as far as primary sales of any Notes issued by INSPIRE are concerned, the dealers as a matter of contract undertake to the relevant Issuer that their action in any jurisdiction will comply with the then applicable laws and regulations and that the dealers will also undertake as a matter of contract to the relevant Issuer that they will not knowingly make primary sales (or knowingly offer to do so, or distribute any material in that connection in Ireland) to any Irish residents or persons;
- (ii) the Notes are cleared through a Recognised Clearing System (save that such Notes represented by definitive bearer Notes may be taken out of the Recognised Clearing System and cleared outside that system, it being acknowledged that definitive bearer Notes may be issued in exchange for interests in a Global Note held in Euroclear or Clearstream, Luxembourg (in accordance with the terms of the Global Note) and, in the case of Sterling, denomination Global Notes, on demand by the holder for as long as this is a requirement);
- (iii) the minimum denomination in which the Notes issue is made will be €500,000 or its equivalent.

In respect of any Note that is not listed on any stock exchange and matures within two years, DIRT will not apply where the Note is of the requisite denomination outlined in this Document and is held in a Recognised Clearing System. If the Note is not held in a Recognised Clearing System but is of the requisite minimum denomination outlined in this Document then provided that:

- (i) either (a) the person by whom the payment is made; or  
(b) the person through whom the payment is made,  
is resident in Ireland or the payment is made by or through an Irish branch or agency through which a company that is not resident in Ireland carries on a trade or business; and
- (ii) (1) the person who is beneficially entitled to the interest is a resident of Ireland who has provided their tax reference number to the payer; or  
(2) the person who is the beneficial owner of the Note and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration in the prescribed form,

then DIRT will not apply to the interest or returns thereon.

In addition, DIRT will not apply to interest or other returns on Notes in certain situations including where the person that is beneficially entitled to the interest or returns thereon is not resident in Ireland and an appropriate declaration as referred to in section 256 of the Taxes Act is made.

## **Encashment tax**

Interest on any Note issued:

- (a) by Intesa Sanpaolo paid by a paying agent in Ireland; or
- (b) by Intesa Sanpaolo paid to an agent in Ireland on behalf of a holder of the relevant Note; or
- (c) by INSPIRE that is a quoted Eurobond held in a Recognised Clearing System (see above) where that payment of interest was not paid by or entrusted to any person in Ireland but was paid to an agent in Ireland on behalf of a holder of the relevant Note,

will be subject to a withholding for Irish income tax at the standard rate (currently 20%) unless it is proved, on a claim made in the required manner to the Irish Revenue Commissioners, that the beneficial owner of the relevant Note and entitled to interest is not resident in Ireland and such interest is not deemed, under the provisions of Irish tax legislation, to be income of another person resident in Ireland.

## **Liability of Noteholders to Irish tax**

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Interest earned on Notes issued by INSPIRE would be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax (and levies if received by an individual). Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish tax resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate (currently 20%). Therefore any withholding tax suffered should be equal to and in satisfaction of the full liability. However, individuals are liable to tax at a higher rate of tax (currently 42%) plus levies on taxable income exceeding a certain threshold, the level of which depends on their individual circumstances.

### *Section 198 of the Taxes Act*

There is an exemption from Irish income tax under Section 198 of the Taxes Act in certain circumstances.

These circumstances are, to the extent relevant to Notes issued by INSPIRE, where either;

- (a) the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a country with which Ireland has a double tax treaty that is in effect, or
- (b) where the provisions of Section 64 of the Taxes Act (quoted Eurobond exemption as noted above) apply and the recipient is a person who is resident in a member state of the European Union (other than Ireland) or in a country with which Ireland has a double tax treaty that is in effect.

For the purposes of (a) and (b) above, residence is determined under the terms of the relevant double taxation agreement, if such exists, or in any other case, the law of the country in which the recipient claims to be resident. The exemption under Section 198 of the Taxes Act does not apply where the interest is paid to a foreign company carrying on business in Ireland through a branch or agency or a permanent establishment to which interest paid by the Issuer is attributable.

### *Applicable Double Tax Treaty*

The majority of Ireland's double tax treaties (see above) exempt interest from Irish tax when received by a resident of the other jurisdiction. Thus, a Noteholder may be entitled to exemption from Irish income tax on interest, and in some cases, discounts, under the terms of a double tax treaty between Ireland and the jurisdiction in which the Noteholder is resident.

### *Section 153 of the Taxes Act*

As mentioned above, in the case of the Notes, where the consideration given by INSPIRE, as the case may be, for the use of the principal secured is dependent on the results of its business, interest payments made will be deemed to be a distribution as prescribed by Section 130 of the Taxes Act. However, Section 153 of the Taxes Act ("Section 153") provides exemption from income tax on distributions for certain non-residents. The exempted non-residents are,

- (a) a person who is neither resident nor ordinarily resident in Ireland *and* is a resident of a tax treaty country *or* is a resident of an EU Member State (other than Ireland);.
- (b) a company which is not resident in Ireland and which is ultimately controlled by persons resident in another EU Member State or in a tax treaty country.
- (c) a company which is not resident in Ireland and is, by virtue of the law of a tax treaty country or an EU Member State, resident for the purposes of tax in that tax treaty country or EU Member State, but is not under the control, whether directly or indirectly, of Irish residents,
- (d) companies, the principal class of whose shares or the shares of its 75% parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance.
- (e) a parent company in another EU Member State in respect of distributions made to it by its Irish resident subsidiary company where withholding tax on such distributions is prohibited under the EU Parent-Subsidiaries Directive.

Section 153 also provides that, if dividend withholding tax (see above) has been applied, and the recipient is an individual then no further Irish tax liability should exist.

### *Other Circumstances*

If, however, the payments are not exempt and there is no double tax treaty between Ireland and the jurisdiction in which the Noteholder is resident, there is no mechanism by which the Revenue Commissioners can collect residual income tax. Therefore, there is a long standing practice whereby no action will be taken to pursue any liability to such residual Irish income tax in respect of persons who are not resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of Notes, and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

## **Capital Gains Tax**

Provided the Notes are listed on a Stock Exchange, or the Notes do not derive their value, or the greater part of their value from certain Irish land or mineral rights, then a Noteholder will not be subject to Irish tax on capital gains provided that such Noteholder is neither resident nor ordinarily resident in Ireland and such Noteholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency, or a permanent establishment, to which or to whom the Notes are attributable.

## **Capital Acquisitions Tax**

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or if the disponent's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situated in Ireland (that is, if bearer Notes are physically located in Ireland, or in the case of registered notes the register of the Notes is maintained in Ireland), the disponent's successor may be liable to Irish Capital Acquisitions Tax. Accordingly, if such Notes are comprised in a gift or inheritance, the disponent's successor may be liable to Irish capital gains tax, even though the disponent may not be domiciled in Ireland. For the purposes of capital acquisition tax it is important to note that a non-domiciled person shall not be treated as resident or ordinarily resident in Ireland except where that person has been resident in Ireland for five consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

## **Stamp Duty**

No Irish stamp duty is payable on the issue of the Notes

### **Transfer of Notes issued by Intesa Sanpaolo**

In the case of Notes issued by Intesa Sanpaolo, no Irish stamp duty is chargeable provided that the instrument of transfer (if any):

- (i) is not executed in Ireland; and
- (ii) does not relate (wherever executed) to any property situated in Ireland or to any matter or thing to be done in Ireland.

### **Transfer of Notes issued by INSPIRE**

Irish stamp duty is not chargeable on the transfer by delivery of Notes issued by INSPIRE. In the event of written transfer of such Notes no stamp duty is chargeable provided that the Notes:

- (a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
- (b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (c) are redeemable within 30 years of the date of issue and not thereafter;
- (d) are issued for a price which is not less than 90% of their nominal value (thus certain Notes issued at a discount may not qualify for this exemption); and
- (e) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to the Notes.

Where the above exemptions or another exemption does not apply, the instrument of transfer is liable to stamp duty at the rate of one percent of the consideration paid in respect of the transfer (or if greater, the market value thereof) which must be paid in euro by the transferee (assuming an

arm's length transfer) within 30 days of the date on which the transfer instrument is executed, after which interest and penalties will apply.

## **Luxembourg Taxation**

*The following is a general description of certain Luxembourg withholding tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect as at the date of this Prospectus. The information contained within this section is limited to withholding tax issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

All payments of interest and principal by the Issuers under the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg law of 21st June, 2005 implementing the Savings Tax Directive (as defined below – see “- EU Savings Directive” below), which may be applicable in the event of the Issuers appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive).
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23rd December, 2005, which has introduced a 10 per cent. final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21st June, 2005 implementing the European Union Savings Directive) and which should apply to savings income accrued as from 1st July, 2005 and paid as from 1st January, 2006.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21st June, 2005 and 23rd December, 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuers.

## **EU Savings Directive**

Under Council Directive 2003/48/EC on taxation of savings income (the “**Savings Tax Directive**”), Member States are required, from 1st July, 2005, 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 tax 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) with effect from the same date.

### *Implementation in Italy*

Italy has implemented the Directive through Legislative Decree No. 84 of 18th April, 2005 (“**Decree 84**”). Under Decree 84, subject to a number of important conditions being met, where interest is paid starting from 1st July, 2005 (including interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in a dependent or associated territory under the relevant international agreement

(currently Jersey, Guernsey, the Isle of Man, the Netherlands Antilles, the British Virgin Islands, Turks and Caicos Islands, the Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (including any banks, SIMs, fiduciary companies and SGRs resident for tax purposes in Italy) are required to report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner.

In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstances, UCITS recognised in accordance with Directive 85/311/EEC.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute “payments of interest” under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree 84. Accordingly, such payments of interest arising out of the Notes would fall within the scope of the Directive being the Notes issued after 1st March, 2001.

#### *Implementation in Ireland*

The Directive has been enacted into Irish legislation. Since 1st January, 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a “residual entity” then that interest payment is a “deemed interest payment” of the “residual entity” for the purpose of this legislation. A “residual entity”, in relation to “deemed interest payments”, must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the “deemed interest payments”.

“**Residual entity**” means a person or undertaking established in Ireland or in another Member State or in an “associated territory” to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an “associated territory”, or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an “associated territory” and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “associated territory”, have applied since 1st July, 2005. For the purposes of these paragraphs “**associated territory**” means Aruba, the Netherlands Antilles, Jersey, Gibraltar, Guernsey, the Isle of Man, Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat, Turks and Caicos Islands, Andorra, Liechtenstein, Monaco, San Marino and the Swiss Confederation.

#### *Implementation in Luxembourg*

The Savings Tax Directive was implemented in Luxembourg by the Law of 21st June, 2005.

## SUBSCRIPTION AND SALE

The Dealers have in a dealer agreement (as amended, supplemented and/or restated, the “**Dealer Agreement**”) dated 9th January, 2008, agreed with Intesa Sanpaolo and INSPIRE a basis upon which they or any of them may from time to time agree to subscribe or procure subscribers for Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Dealer Agreement, Intesa Sanpaolo and INSPIRE have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Programme and the issue of Notes under the Programme.

### United States

Neither the Notes nor the guarantee thereof have been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered and sold, and will not offer or sell Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the date of issue of the relevant Tranche of Notes and the completion of the distribution of such Tranche, as certified to the Principal Paying Agent or the relevant Issuer by the relevant Dealer(s) (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes of such Tranche during the Distribution Compliance Period (other than pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Notwithstanding the foregoing, Dealers nominated by the relevant Issuer and, where applicable, the Guarantor may arrange for the offer and sale of Registered Notes in the United States pursuant to Rule 144A under the Securities Act. Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer, the Guarantor (where applicable) and the relevant Dealers may agree, as indicated in the relevant Final Terms. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

## Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) **Approved prospectus:** if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) **Authorised Institutions:** at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) **Significant enterprises:** at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) **Number of persons:** at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) **No publication of prospectus:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (i) an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- (ii) the “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## United Kingdom

Each Dealer has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue

of any Notes in circumstances in which Section 21(1) of the FSMA does not or, would not, apply to the relevant Issuer or the Guarantor, as the case may be; and

- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes issued by Intesa Sanpaolo or INSPIRE in, from or otherwise involving the United Kingdom.

### **The Republic of Italy**

The offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each Dealer has represented and agreed that save as set out below it has not made and will not make an offer of any Notes in Italy to the public in the Republic of Italy, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

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

- (1) that each Dealer may make an offer to the public if the final terms in relation to the Notes specify that a Non-exempt Offer may be made in [the Republic of] Italy following the date of publication of a prospectus in relation to such Notes, provided that (i) such prospectus has been approved in another Relevant Member State (ii) CONSOB has been notified of such approval and (iii) completed by final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, as implemented in Italy under Legislative Decree No. 58 of 24th February, 1998 as amended (“**Decree No. 58**”) and CONSOB Regulation No. 11971 of 14th May, 1999, as amended (“**Regulation No. 11971**”), in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (2) to the categories of qualified investors set out in Article 2(1)(e)(i) to (iii) of the Prospectus Directive 2003/71/EC, pursuant to Article 100 of Legislative Decree No. 58.
- (3) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1st September, 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29th October, 2007 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### ***Provisions relating to the secondary market in Italy***

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-*bis* of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes with a denomination of less than €50,000 (or its equivalent in another currency) are placed solely with qualified investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

## Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

- (a) in connection with offers for sale of any Note issued by INSPIRE that is not listed on any stock exchange and that does not mature within two years, it will not:
  - (i) knowingly sell or offer for sale any Notes issued by INSPIRE to any person, including any body corporate, resident in Ireland or having its usual place of abode in Ireland (an “**Irish Person**”);
  - (ii) knowingly issue or distribute, or knowingly cause to be issued or distributed, any documentation offering for subscription or sale any Notes issued by INSPIRE, to any Irish Person;
  - (iii) as far as primary sales of any Notes issued by INSPIRE are concerned, its actions in any jurisdiction will comply with the then applicable laws and regulations;
  - (iv) offer, sell or deliver any such Note to any person in a denomination of less than €500,000, or its equivalent in any other currency. In addition, such Notes must be cleared through a Recognised Clearing System; and
- (b) in connection with offers for sale of any Notes issued by INSPIRE that is not listed on any stock exchange that matures within two years, it will not offer, sell or deliver any such Note to any person in a denomination of less than €500,000 if the relevant Note is denominated in euro, US\$500,000 if denominated in US Dollars, or if denominated in a currency other than euro or US Dollars, the equivalent of €500,000 at the date the Programme is first publicised. In addition such Notes must be cleared through a recognised Clearing System;

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or delivers and none of the Issuer, the Guarantor (where applicable), the Trustee and the other Dealers shall have any responsibility therefor.

Other than with respect to the admission, listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction by the relevant Issuer, the Guarantor (where applicable) or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction

where action for that purpose is required. Persons into whose hands the Offering Circular or any Final Terms comes are required by the relevant Issuer, the Guarantor (where applicable) and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer and, if applicable, the Guarantor. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

The Notes which are issued under the Programme will be Notes which, because of their nature, are normally bought or traded by a limited number of investors who are particularly knowledgeable in investment matters.

## GENERAL INFORMATION

### **Listing and Admission to trading of the Notes to the Luxembourg Stock Exchange**

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

However, Notes may be issued pursuant to the Programme which will not be listed or admitted to trading on the Luxembourg Stock Exchange or any other stock exchange or which will be listed or admitted to trading on such stock exchange as the Issuers and the relevant Dealer(s) may agree.

The CSSF may at the request of the Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Prospectus; (ii) 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 the Irish Financial Services Regulatory Authority in its capacity as competent authority in Ireland.

### **Authorisations**

The establishment and update of the programme and the increases in the aggregate nominal amount of all Notes from time to time outstanding under the Programme were authorised by resolutions of the Boards of Directors of Banca Intesa passed on 19th March, 2001, 24th June, 2003, 26th April, 2005, 11th November, 2005 and 6th March, 2006. The addition of INSPIRE as an Issuer under the Programme was authorised by a resolution of the Board of Directors of INSPIRE passed on 15th February, 2007. Each of Intesa Sanpaolo and INSPIRE has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Use of proceeds**

The net proceeds of the issue of each Tranche of Notes will be used for general funding purposes of the Intesa Sanpaolo Group.

### **Litigation**

Save as disclosed in this Prospectus, neither the Issuers, nor the Guarantor nor any member of the Intesa Sanpaolo Group is or has been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Intesa Sanpaolo Group's financial position or profitability and, so far as Intesa Sanpaolo or, as the case may be or INSPIRE (where INSPIRE is the Issuer) is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

### **Auditors**

The auditors of Intesa Sanpaolo are Reconta Ernst & Young S.p.A., who are registered under no. 2 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No. 58 of 24th February, 1998 (as amended) and under no. 70945 in the

Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27th January, 1992. Reconta Ernst & Young S.p.A. has audited Banca Intesa's financial statements, without qualification, in accordance with generally accepted auditing standards in Italy as at and for the years ended 31st December, 2005 and 2004.

The auditors of INSPIRE are Ernst & Young Chartered Accountants, who are members of the ICA (Institute of Chartered Accountants in Ireland) and have audited the consolidated annual financial statements of INSPIRE, without qualification, in accordance with generally accepted auditing standards in Italy as at and for the years ended 31st December, 2005 and 2004.

### **No significant change**

Save as disclosed in this Prospectus, since the last day of the financial period in respect of which the most recent consolidated audited financial statements of Banca Intesa and INSPIRE have been prepared, there has been no material adverse change in the financial position or situation or the prospects of the Issuers and, since the last day of the financial period in respect of which the most recent consolidated interim financial statements have been published, there has been no significant change in the financial position of the Intesa Sanpaolo Group.

### **Trend information**

Save as disclosed in "Recent Events" on pages 144 to 146, none of Intesa Sanpaolo and INSPIRE is aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuers' prospects for the current financial year.

### **Material contracts**

Save as disclosed in this Prospectus, none of Intesa Sanpaolo, INSPIRE and Intesa Sanpaolo's other subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to the Issuers' ability to meet their obligations to Noteholders.

### **Documents available for inspection**

For so long as the Programme remains valid with the Luxembourg Stock Exchange or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained by the public during normal business hours at the specified office of the Principal Paying Agent and the Listing Agent in Luxembourg and at the registered offices of the Issuers, namely:

- (a) this Prospectus and any supplements to this Prospectus (together with any prospectuses published in connection with any future updates in respect of the Prospectus) and any other documents incorporated herein or therein by reference;
- (b) a certified copy of the constitutive documents of Intesa Sanpaolo and INSPIRE;
- (c) the Agency Agreement;
- (d) the Trust Deed (incorporating a guarantee by Intesa Sanpaolo in respect of payment amounts due in relation to Notes issued by INSPIRE and any further issuer that may be appointed from time to time under the Programme);
- (e) the Dealer Agreement;
- (f) the Procedures Memorandum;
- (g) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances

where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Listing Agent as to its holding of Notes and identity); and

- (h) any supplemental agreement prepared and published in connection with the Programme.

In addition, copies of this Prospectus and each document incorporated by reference are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

### **Financial statements available**

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Luxembourg Listing Agent, Société Européenne de Banque S.A., at 79 Boulevard de Prince Henri, Luxembourg and at the registered offices of the Issuers and the Guarantor:

- (a) the audited consolidated annual financial statements of Banca Intesa as at and for the years ended 31st December, 2006 and 2005;
- (b) the audited consolidated annual financial statements of Sanpaolo IMI as at and for the years ended 31st December, 2006 and 2005;
- (c) the unaudited consolidated pro forma balance sheet and income statement information of Intesa Sanpaolo as at and for the years ended 31st December, 2006 and 2005 and as at and for the six months ended 30th June, 2007;
- (d) the most recent annual or interim consolidated financial information of Intesa Sanpaolo published from time to time (whether audited or unaudited), commencing with its unaudited consolidated half-yearly financial statements as at and for the six months ended 30th June, 2007; and
- (e) the most recent annual or interim financial information of INSPIRE published from time to time (whether audited or unaudited), commencing with its audited unconsolidated annual financial statements as at and for the years ended 31st December, 2006 and 2005, and its unaudited unconsolidated half-yearly financial information as at and for the six months ended 30th June, 2007,

in each case, together with the accompanying notes and any auditor's report.

INSPIRE does not currently publish any interim financial information or any consolidated financial information.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors.

### **Post-issuance information**

The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.

### **Clearing systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified

in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

#### **DECLARATION OF THE MANAGER<sup>(1)</sup> IN CHARGE OF PREPARING THE INTESA SANPAOLO GROUP FINANCIAL REPORTS**

The manager responsible for preparing the company's<sup>(2)</sup> financial reports, Bruno Picca, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance<sup>(3)</sup> that the accounting information contained in this Prospectus corresponds to the document results, books and accounting records.

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(1) The word "manager" in this context applies exclusively and solely to an employee of Intesa Sanpaolo.

(2) The word "company" in this context refers to Intesa Sanpaolo.

(3) Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time

APPENDIX 1

BANCA INTESA S.p.A.

AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS AND INCOME STATEMENTS

BALANCE SHEETS

Assets

	31/12/2006	31/12/2005
	(in millions of Euro)	
Cash and cash equivalents .. .. .	1,895	1,797
Financial assets held for trading .. .. .	46,328	51,067
Financial assets designated at fair value through profit and loss .. .. .	–	–
Financial assets available for sale .. .. .	5,518	4,379
Investments held to maturity .. .. .	2,823	2,810
Due from banks .. .. .	30,363	27,111
Loans to customers .. .. .	190,830	169,478
Hedging derivatives .. .. .	873	1,278
Fair value change of assets in hedged portfolios (+/–) .. .. .	-1	–
Investments in associates and companies subject to joint control .. .. .	2,183	2,091
Technical insurance reserves reassured with third parties .. .. .	–	–
Property and equipment .. .. .	2,928	2,924
Intangible assets .. .. .	1,381	1,356
<i>of which</i>		
– goodwill .. .. .	926	869
Tax assets .. .. .	2,502	3,096
a) current .. .. .	1,100	1,670
b) deferred .. .. .	1,402	1,426
Non-current assets held for sale and discontinued operations .. .. .	69	2,869
Other assets .. .. .	4,089	3,279
<b>Total Assets .. .. .</b>	<b>291,781</b>	<b>273,535</b>

**BANCA INTESA S.p.A.**

**AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS AND INCOME STATEMENTS**

**BALANCE SHEETS (cont'd)**

**Liabilities and Shareholders' Equity**

	<i>31/12/2006</i>	<i>31/12/2005</i>
	<i>(in millions of Euro)</i>	
Due to banks .. .. .	39,954	31,771
Due to customers .. .. .	122,733	115,270
Securities issued .. .. .	80,029	72,320
Financial liabilities held for trading.. .. .	15,648	21,249
Financial liabilities designated at fair value through profit and loss .. .. .	–	–
Hedging derivatives .. .. .	1,878	1,410
Fair value change of liabilities in hedged portfolios (+/-) .. .. .	–	–
Tax liabilities .. .. .	1,474	1,091
<i>a) current.. .. .</i>	<i>903</i>	<i>643</i>
<i>b) deferred .. .. .</i>	<i>571</i>	<i>448</i>
Liabilities associated with non-current assets held for sale and discontinued operations .. .. .	63	2,963
Other liabilities .. .. .	7,711	7,121
Employee termination indemnities.. .. .	1,158	1,102
Allowances for risks and charges .. .. .	2,115	1,732
<i>a) post employment benefits.. .. .</i>	<i>310</i>	<i>320</i>
<i>b) other allowances .. .. .</i>	<i>1,805</i>	<i>1,412</i>
Technical reserves .. .. .	–	–
Valuation reserves .. .. .	1,209	829
Reimbursable shares .. .. .	–	–
Equity instruments .. .. .	–	–
Reserves .. .. .	5,226	3,745
Share premium reserve .. .. .	5,559	5,510
Share capital .. .. .	3,613	3,596
Treasury shares (-) .. .. .	–	–
Minority interests (+/-) .. .. .	852	801
Net income (loss) .. .. .	2,559	3,025
<b>Total Liabilities and Shareholders' Equity .. .. .</b>	<b>291,781</b>	<b>273,535</b>

**BANCA INTESA S.p.A.**

**AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS AND INCOME STATEMENTS**

**STATEMENTS OF INCOME**

	31/12/2006	31/12/2005
	(in millions of Euro)	
Interest and similar income .. .. .	11,512	9,786
Interest and similar expense .. .. .	(5,992)	(4,673)
<b>Interest margin .. .. .</b>	<b>5,520</b>	<b>5,113</b>
Fee and commission income .. .. .	4,018	4,191
Fee and commission expense .. .. .	(449)	(563)
<b>Net fee and commission income .. .. .</b>	<b>3,569</b>	<b>3,628</b>
Dividend and similar income .. .. .	527	701
Profits (Losses) on trading .. .. .	503	13
Fair value adjustments in hedge accounting .. .. .	11	32
Profits (Losses) on disposal or repurchase of .. .. .	61	-
a) <i>loans</i> .. .. .	(48)	(23)
b) <i>financial assets available for sale</i> .. .. .	83	23
c) <i>investments held to maturity</i> .. .. .	-	1
d) <i>financial liabilities</i> .. .. .	26	(1)
Profits (Losses) on financial assets and liabilities designated at fair value	-	-
<b>Net interest and other banking income .. .. .</b>	<b>10,191</b>	<b>9,487</b>
Net losses / recoveries on impairment .. .. .	(677)	(549)
a) <i>loans</i> .. .. .	(706)	(568)
b) <i>financial assets available for sale</i> .. .. .	(14)	(22)
c) <i>investments held to maturity</i> .. .. .	4	4
d) <i>other financial activities</i> .. .. .	39	37
<b>Net income from banking activities .. .. .</b>	<b>9,514</b>	<b>8,938</b>
Net insurance premiums .. .. .	-	-
Other net insurance income (expense) .. .. .	-	-
<b>Net income from banking and insurance activities .. .. .</b>	<b>9,514</b>	<b>8,938</b>
Administrative expenses .. .. .	(5,666)	(5,258)
a) <i>personnel expenses</i> .. .. .	(3,546)	(3,160)
b) <i>other administrative expenses</i> .. .. .	(2,120)	(2,098)
Net provisions for risks and charges .. .. .	(196)	(436)
Net adjustments to / recoveries on property and equipment .. .. .	(257)	(259)
Net adjustments to / recoveries on intangible assets .. .. .	(246)	(249)
Other operating expenses (income) .. .. .	375	316
<b>Operating expenses .. .. .</b>	<b>(5,990)</b>	<b>(5,886)</b>
Profits (Losses) on investments in associates and companies subject to joint control .. .. .	235	226
Valuation differences on property, equipment and intangible assets measured at fair value .. .. .	-	-
Goodwill impairment .. .. .	-	(6)
Profits (Losses) on disposal of investments .. .. .	54	755
<b>Income (Loss) before tax from continuing operations .. .. .</b>	<b>3,813</b>	<b>4,027</b>
Taxes on income from continuing operations .. .. .	(1,227)	(1,045)
<b>Income (Loss) after tax from continuing operations .. .. .</b>	<b>2,586</b>	<b>2,982</b>
Income (Loss) after tax from discontinued operations .. .. .	83	150
<b>Net income (loss) .. .. .</b>	<b>2,669</b>	<b>3,132</b>
Minority interests .. .. .	(110)	(107)
<b>Parent company's net income (loss) .. .. .</b>	<b>2,559</b>	<b>3,025</b>

## APPENDIX 2

### SANPAOLO IMI S.p.A.

#### AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS AND INCOME STATEMENTS

#### BALANCE SHEETS

##### Assets

	31/12/2006	31/12/2005
	<i>(in millions of Euro)</i>	
Cash and cash equivalents .. .. .	1,534	1,107
Financial assets held for trading .. .. .	23,923	25,037
Financial assets designated as at fair value .. .. .	20,685	22,528
Available for sale financial assets .. .. .	35,829	29,837
Financial assets held to maturity .. .. .	2,872	2,535
Loans to banks.. .. .	30,058	28.836
Loans to customers .. .. .	157,800	139,507
Hedging derivatives: .. .. .	1,020	435
Fair value changes of generically hedged financial assets (+/-) .. .. .	–	–
Equity shareholdings .. .. .	893	819
Technical insurance reserves attributable to reinsurers .. .. .	46	29
Tangible assets .. .. .	2,951	2,177
Intangible assets .. .. .	2,305	1,008
<i>of which:</i>		
– <i>goodwill</i> .. .. .	2,023	756
Tax assets .. .. .	2,690	2,728
<i>a) current</i> .. .. .	902	988
<i>b) deferred</i> .. .. .	1,788	1,740
Non-current assets and discontinued operations .. .. .	176	220
Other assets .. .. .	5,769	6,455
<b>Total assets</b> .. .. .	<b>288,551</b>	<b>263,258</b>

**SANPAOLO IMI S.p.A.**

**AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS AND INCOME STATEMENTS**

**BALANCE SHEETS (cont'd)**

**Liabilities and Shareholders' Equity**

	<u>31/12/2006</u>	<u>31/12/2005</u>
	<i>(in millions of Euro)</i>	
Due to banks .. .. .	38,913	35,682
Due to customers .. .. .	105,493	92,306
Securities issued .. .. .	55,914	46,985
Financial liabilities held for trading.. .. .	9,664	11,342
Financial liabilities designated as at fair value .. .. .	26,157	25,939
Hedging derivatives .. .. .	1,019	730
Fair value changes of generally hedged financial liabilities (+/-) .. .. .	(97)	(35)
Tax liabilities: .. .. .	969	860
<i>a) current</i> .. .. .	413	216
<i>b) deferred</i> .. .. .	556	644
Liabilities on discontinued operations .. .. .	165	164
Other liabilities .. .. .	9,949	10,573
Provisions for employee termination indemnities .. .. .	1,006	1,001
Provisions for risks and charges: .. .. .	2,268	1,882
<i>a) post-retirement benefit obligations</i> .. .. .	311	425
<i>b) other provisions</i> .. .. .	1,957	1,457
Technical reserves .. .. .	22,540	22,113
Valuation reserves .. .. .	1,595	1,286
<i>a) available-for-sale financial assets (+/-)</i> .. .. .	1,610	1,157
<i>b) tangible assets (+)</i> .. .. .	-	-
<i>c) cashflow hedge (+/-)</i> .. .. .	(3)	(18)
<i>d) special revaluation laws</i> .. .. .	109	346
<i>e) other</i> .. .. .	(121)	(199)
Redeemable shares .. .. .	-	-
Equity securities .. .. .	-	-
Reserves .. .. .	4,512	4,298
Share premium.. .. .	767	769
Capital .. .. .	5,400	5,239
Own shares (-) .. .. .	(84)	(92)
Minority interests (+/-) .. .. .	253	233
Profit (loss) for the year .. .. .	2,148	1,983
<b>Total liabilities and shareholders' equity</b> .. .. .	<b><u>288,551</u></b>	<b><u>263,258</u></b>

**SANPAOLO IMI S.p.A.**

**AUDITED CONSOLIDATED ANNUAL BALANCE SHEETS AND INCOME STATEMENTS**

**INCOME STATEMENTS**

31/12/2006 31/12/2005

(in millions of Euro)

Interest income and similar revenues .. .. .	9,837	8,234
Interest expenses and similar charges.. .. .	(4,914)	(3,782)
<b>Net interest income</b> .. .. .	<b>4,923</b>	<b>4,452</b>
Commission income .. .. .	4,084	3,970
Commission expense .. .. .	(878)	(754)
<b>Net commissions</b> .. .. .	<b>3,206</b>	<b>3,216</b>
Dividends and similar revenues .. .. .	259	475
Profits (losses) on financial trading activities .. .. .	715	104
Fair value adjustments from hedge accounting .. .. .	(6)	(4)
Profits (losses) from sale or repurchase of: .. .. .	540	394
a) <i>loans</i> .. .. .	80	57
b) <i>available-for-sale financial assets</i> .. .. .	456	347
c) <i>financial assets held to maturity</i> .. .. .	-	-
d) <i>financial liabilities</i> .. .. .	4	(10)
Net income from financial assets and liabilities designated as at fair value.. .. .	(127)	219
<b>Net interest and other banking income</b> .. .. .	<b>9,510</b>	<b>8,856</b>
Impairment losses/write-backs to: .. .. .	(449)	(445)
a) <i>loans</i> .. .. .	(410)	(440)
b) <i>available-for-sale financial assets</i> .. .. .	(5)	(1)
c) <i>financial assets held to maturity</i> .. .. .	-	-
d) <i>other financial transactions</i> .. .. .	(34)	(4)
Net results of financial activities .. .. .	9,061	8,411
Net premiums .. .. .	2,865	3,599
Balance of other income/charges arising on insurance activities .. .. .	(3,469)	(4,496)
Net result of financial activities and insurance activities .. .. .	8,457	7,514
Administrative costs: .. .. .	(5,010)	(4,221)
a) <i>personnel costs</i> .. .. .	(3,396)	(2,769)
b) <i>other administrative costs</i> .. .. .	(1,614)	(1,452)
Net provisions for risks and charges .. .. .	(179)	(51)
Net adjustments/write-backs to tangible assets .. .. .	(227)	(239)
Net adjustments/write-backs to intangible assets .. .. .	(174)	(196)
Other operating income (expenses) .. .. .	53	74
<b>Operating costs</b> .. .. .	<b>(5,537)</b>	<b>(4,633)</b>
Profits (losses) on equity shareholdings .. .. .	128	58
Net fair value adjustments to tangible and intangible assets .. .. .	-	-
Impairment of goodwill.. .. .	-	(1)
Profits (losses) from disposal of investments .. .. .	28	16
<b>Operating profits (losses) before tax from continuing operations</b> .. .. .	<b>3,076</b>	<b>2,954</b>
Income taxes for the period .. .. .	(894)	(919)
<b>Net profit (loss) after tax from continuing operations</b> .. .. .	<b>2,182</b>	<b>2,035</b>
Profits (losses) on discontinued operations .. .. .	20	5
Profit (loss).. .. .	2,202	2,040
Profit (loss) attributable to minority interests .. .. .	(54)	(57)
<b>Parent Bank net profit (loss)</b> .. .. .	<b>2,148</b>	<b>1,983</b>
Net profit (loss) per share (euro) .. .. .	1.15	1.06
Diluted profit (loss) per share (euro) .. .. .	1.15	1.06

**REGISTERED OFFICE OF INTESA SANPAOLO**

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

Piazza San Carlo, 156  
10121 Turin  
Italy

**REGISTERED OFFICE OF INSPIRE**

**Intesa Sanpaolo Bank Ireland p.l.c.**

3rd Floor  
KBC House  
4 George's Dock  
IFSC  
Dublin 1  
Ireland

**DEALERS**

**Banca IMI S.p.A.**

Piazzetta G. Dell'Amore, 3  
20121 Milan  
Italy

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**ABN AMRO Bank N.V.**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**CALYON**

9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Commerzbank Aktiengesellschaft**

60 Gracechurch Street  
London EC3V 0HR  
United Kingdom

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Dexia Banque Internationale à Luxembourg,  
société anonyme, acting under the name  
of Dexia Capital Markets**

69 Route d'Esch  
L-2953 Luxembourg

**Dresdner Bank Aktiengesellschaft**

Jürgen – Ponto – Platz 1  
60301 Frankfurt am Main  
Germany

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

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

Piazza San Carlo, 156  
10121 Turin  
Italy

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Lehman Brothers International (Europe)**

25 Bank Street  
London E14 5LE  
United Kingdom

**Merrill Lynch International**

Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Natixis**

30 avenue Mendès France  
75013 Paris  
France

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**TRUSTEE****The Law Debenture Trust Corporation p.l.c.**

5th Floor  
100 Wood Street  
London EC2V 7EX  
United Kingdom

**PRINCIPAL PAYING AGENT****Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**LUXEMBOURG PAYING AGENT**

Deutsche Bank Luxembourg S.A.  
2 Boulevard Konrad Adenauer  
L-115 Luxembourg

**ITALIAN PAYING AGENT****Intesa Sanpaolo S.p.A.**

Piazza San Carlo, 156  
10121 Turin  
Italy

**NEW YORK REGISTRAR, NEW YORK PAYING AGENT,  
FOREIGN EXCHANGE AGENT AND TRANSFER AGENT****Deutsche Bank Trust Company Americas**

Four Albany Street  
New York NY 10006  
USA

**PRINCIPAL REGISTRAR, TRANSFER AGENT AND EXCHANGE AGENT**

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer  
L-1115 Luxembourg

**LEGAL ADVISERS TO THE ISSUERS AND THE GUARANTOR**

*as to English Law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AO  
United Kingdom

*as to Italian Law*

**Intesa Sanpaolo S.p.A.**  
Internal Legal Department  
Via Verdi, 8  
20121 Milan  
Italy

*as to Irish Law*

**McCann FitzGerald**  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**LEGAL ADVISERS TO THE ARRANGERS, DEALERS AND THE TRUSTEE**

*as to English Law and Italian Law*

**Clifford Chance Studio Legale Associato**  
Piazzetta M. Bossi, 3  
20121 Milan  
Italy

**AUDITORS TO THE ISSUERS AND THE GUARANTOR**

**Reconta Ernst & Young S.p.A.**

Via Della Chiusa, 2  
20123 Milan  
Italy

**Ernst & Young**

Ernst & Young Building  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

**LUXEMBOURG LISTING AGENT**

**Société Européenne de Banque S.A.**

19, Boulevard de Prince Henri  
Luxembourg

