

PROSPECTUS SUPPLEMENT



**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 registration number 125216)*

**as Issuer**

**€70,000,000,000**

**Euro Medium Term Note Programme**

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This Prospectus Supplement ("**Supplement**") is supplemental to and must be read in conjunction with the Prospectus dated 22<sup>nd</sup> December, 2010 (the "**Prospectus**") prepared by Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**") and Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**" and, together with Intesa Sanpaolo, the "**Issuers**") in connection with their €70,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority pursuant to the Luxembourg Law on prospectuses for securities dated 10<sup>th</sup> July, 2005, which implements Directive 2003/71/EC (the "**Prospectus Directive**"). In addition, the Issuers have requested that the CSSF send a certificate of approval pursuant to Article 18 of the Prospectus Directive, together with a copy of this Supplement, to the Irish Financial Services Regulatory Authority in its capacity as competent authority in Ireland.

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive for the purposes of (i) incorporating the press release dated 15<sup>th</sup> March, 2011; (ii) updating the section of the Prospectus entitled "Overview of the Financial Information of the Intesa Sanpaolo Group"; and (iii) updating the section entitled "Ireland Taxation".

Copies of this Supplement will be available (i) without charge from the offices of the Listing Agent in Luxembourg and (ii) on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

In accordance with Article 13, paragraph 2 of the Luxembourg Law on prospectuses for securities dated 10<sup>th</sup> July 2005, investors who have already agreed to purchase or subscribe for securities to which the Prospectus relates before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the publication of this Supplement, to withdraw their acceptances.

The date of this Supplement is 22<sup>nd</sup> March, 2011.

Each of Intesa Sanpaolo and INSPIRE accept responsibility for the information contained in this Supplement and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

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

## INFORMATION INCORPORATED BY REFERENCE

The information set out below supplements the section of the Prospectus entitled "**Information Incorporated by Reference**" on pages 37 to 39 of the Prospectus.

The press release issued by Intesa Sanpaolo on 15<sup>th</sup> March 2011 and entitled "Intesa Sanpaolo: Consolidated Results as at 31 December 2010" (the "Press Release") having previously been published and filed with the CSSF, is incorporated by reference in and forms part of this Supplement and shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus.

For ease of reference, the table below sets out page references for specific items of information contained in the Press Release. Any information not listed in the cross-reference table but included in the Press Release is given for information purposes only.

The Press Release will be published on the Luxembourg Stock Exchange website at [www.bourse.lu](http://www.bourse.lu).

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## OVERVIEW OF THE FINANCIAL INFORMATION OF THE INTESA SANPAOLO GROUP

*The information set out below supplements the section of the Prospectus entitled "Overview of the Financial Information of the Intesa Sanpaolo Group." beginning on page 181 of the Prospectus*

### **Yearly Financial Statements**

On 15<sup>th</sup> March, 2011, Intesa Sanpaolo issued the Press Release announcing details of the Intesa Sanpaolo Group's unaudited consolidated financial results as at and for the year ended 31st December, 2010. Such Press Release, having previously been published and having been filed with the CSSF, shall be incorporated by reference in and form part of this Supplement. See also "Information Incorporated by Reference" above.

The financial information contained in the Press Release is not derived directly from the Intesa Sanpaolo Group's audited consolidated annual financial statements and has been reclassified in order to be presented on a basis which the Issuers believe is more consistent with previous year end results.

## IRELAND TAXATION

The section entitled "Ireland Taxation" on pages 212 to 220 of the Prospectus shall be deleted in its entirety and replaced by the following text :

### "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 and Monte Titoli S.p.A. have been designated as Recognised Clearing Systems); or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration in the prescribed format to this effect.

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

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

The obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by a company such as INSPIRE in the ordinary course of a trade or business carried on by it to a company resident in a relevant territory under the laws of that relevant territory provided that either:

- (a) that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or
- (b) the interest is exempted from the charge to Irish income tax under a double tax treaty in effect with Ireland or would be so exempted if a double tax treaty signed by Ireland was in effect.

The interest must not relate to an Irish branch or agency of the recipient. A relevant territory for this purpose is a Member State of the European Union, other than Ireland, or not being such a Member State, a territory which has signed a double tax treaty with Ireland. The jurisdictions with which Ireland has signed a double tax treaty are as follows: Albania, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cyprus, the

Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Republic of Korea, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Serbia, Singapore, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom, the United States of America, Vietnam and Zambia.

Negotiations for new treaties are taking place with Argentina, Armenia, Azerbaijan, Egypt, Panama, Saudi Arabia, Thailand, Tunisia and Ukraine.

#### *Applicable Double Tax Treaty*

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

#### *Discounts*

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

#### *Dividend Withholding Tax*

In the case of the Notes, where the consideration given by INSPIRE, 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 per cent.) when it makes a relevant distribution shall not apply in certain circumstances. Provided the requisite declarations in the prescribed format, are in place, the following are included in the categories of shareholders exempted from the scope of dividend withholding tax:

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

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

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

- (a) Intesa Sanpaolo is not resident in Ireland for corporation tax purposes; and
- (b) the relevant Notes are 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 tax (currently at a rate of 27 per cent. or, where the interest is not paid annually or more frequently and cannot be determined until the date of payment of such interest, at a rate of 30 per cent.) from certain interest payments or other returns. However there are certain exceptions to this as set out below.

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

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

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

In respect of any Note that is not listed on any stock exchange and matures within two years, pursuant to section 246A of the Taxes Act, DIRT will not apply where the Note is of the requisite denomination outlined in this Document and is held in a Recognised Clearing System. If the Note is not held in a Recognised Clearing System but is of the requisite minimum denomination outlined in this Document then *provided that*:

- (a) either:

- (i) the person by whom the payment is made; or
- (ii) the person through whom the payment is made,

is resident in Ireland or the payment is made by or through an Irish branch or agency through which a company that is not resident in Ireland carries on a trade or business; and

(b)

- (i) the person who is beneficially entitled to the interest is a resident of Ireland who has provided their tax reference number to the payer; or
- (ii) the person who is the beneficial owner of the Note and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration in the prescribed form,

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

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

### **Encashment tax**

Interest on any Note issued:

- (a) by Intesa Sanpaolo 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 per cent.) 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 or discount realised on Notes issued by INSPIRE would be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income or discount, as the case may be, would be technically liable to Irish income tax (and the universal social charge if received by an individual). Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish tax resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate (currently 20 per cent.). Therefore any withholding tax suffered should be equal to and in satisfaction of the full liability. However, individuals are liable to tax at a higher rate of tax (currently 41 per cent.) plus the universal social charge on taxable income exceeding a certain threshold, the level of which depends on their individual circumstances.

***Section 198 of the Taxes Act***

With regard to interest earned on the Notes, Section 198 of the Taxes Act provides an exemption from Irish income tax in each of the following circumstances:

- (a) where:
  - (i) the interest is paid by a company in the ordinary course of its trade or business; and
  - (ii) the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a country which has signed a double tax treaty with Ireland provided that either:
    - (A) that relevant territory imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory; or
    - (B) the interest is exempted from the charge to Irish income tax under a double tax treaty in effect with Ireland or would be so exempted if a double tax treaty signed by Ireland was in effect; and
- (b) where:
  - (i) the provisions of Section 64 of the Taxes Act (quoted Eurobond exemption as described above) apply; and
  - (ii) the recipient is a person who is resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland; and
- (c) where:
  - (i) the provisions of section 246A of the Taxes Act apply; and
  - (ii) the recipient is a person who is resident in a member state of the European Union (other than Ireland) or in a country which has signed a double tax treaty with Ireland.

In addition, with regard to discount arising on the Notes, section 198 of the Taxes Act provides an exemption from Irish income tax where the Notes are issued by a company in the ordinary course of its trade and the recipient of the discount is a person resident in an EU Member State (other than Ireland) or in a country which has signed a double tax treaty with Ireland.

For the purposes of (a), (b) and (c) above, residence is determined under the terms of the relevant double taxation agreement, if such exists, or in any other case, the law of the country in which the recipient claims to be resident. An 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 INSPIRE 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 per cent. parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance; and
- (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 disponer or if the disponer's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situated in Ireland (that is, in the case of Bearer Notes, if the Notes are physically located in Ireland or, in the case of Registered Notes, if the register for the Notes is maintained in Ireland), the disponer's successor may be liable to Irish Capital Acquisitions Tax. Accordingly, if such Notes are comprised in a gift or inheritance, the disponer's successor may be liable to Irish capital gains tax, even though the disponer 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):

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

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

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

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

Where the above exemptions or another exemption does not apply, the instrument of transfer is liable to stamp duty at the rate of one per cent. of the consideration paid in respect of the transfer (or if greater, the market value thereof) which must be paid in euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer instrument is executed, after which interest and penalties will apply."