

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. and by Intesa Sanpaolo Bank Luxembourg S.A., as Guarantor and**

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

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

**as Issuer**

**and**

**INTESA SANPAOLO BANK LUXEMBOURG S.A.**

*(incorporated as a public limited liability company (société anonyme) in the Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B13859)*

**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 base prospectus dated 9 December 2016 (the "**Prospectus**") prepared by Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"), Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") and Intesa Sanpaolo Bank Luxembourg S.A. (previously known as Société Européenne de Banque S.A.) ("**Intesa Luxembourg**", together with Intesa Sanpaolo and INSPIRE 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 10th July, 2005, as amended (the "**Luxembourg Act**") 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 Central Bank of Ireland in its capacity as competent authority in Ireland.

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 13, paragraph 1, of the Luxembourg Act for the purposes of (i) incorporating by reference in the Prospectus the press release dated 3 February 2017 relating to the annual financial statements of Intesa Sanpaolo as at and for the year ended 31 December 2016 and (ii) updating the section of the

Prospectus entitled "Description of Intesa Sanpaolo S.p.A. – Principal Shareholders". Copies of this Supplement and the document incorporated by reference will be available without charge (i) 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 Act, 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, such period expiring at the close of business on 14 February 2017.

The date of this Supplement is 10 February 2017.

Each of Intesa Sanpaolo, INSPIRE and Intesa Luxembourg 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 41 to 44 of the Prospectus.*

The press release issued by Intesa Sanpaolo on 3 February 2017 and entitled "Intesa Sanpaolo: Consolidated Results as at 31 December 2016" (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 by reference in, and form part of, the Prospectus.

For ease of reference, the table below sets out page references for specific items of information contained in the Press Release.

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

1.	Reclassified consolidated statement of income	Page 26
2.	Quarterly development of the reclassified consolidated statement of income	Page 27
3.	Reclassified consolidated balance sheet	Page 28
4.	Quarterly development of the reclassified consolidated balance sheet	Page 29
5.	Breakdown of financial highlights by business area	Page 30

The information incorporated by reference that is not included in the cross-reference list above is considered as additional information and is not required by the relevant schedules of Regulation (EC) 809/2004 (as amended).

## DESCRIPTION OF INTESA SANPAOLO S.P.A.

*The information set out below supplements the section of the Prospectus entitled "Description of Intesa Sanpaolo S.p.A. – Recent Events" on pages 112 to 116 of the Prospectus and the section of the Prospectus entitled "Description of Intesa Sanpaolo S.p.A. – Principal Shareholders" on page 119 of the Prospectus, as set out below.*

*The following paragraph shall be added below the third paragraph on page 115 of the Prospectus:*

### ***"Outcome of the 2016 Supervisory Review and Evaluation Process***

On 12 December 2016 Intesa Sanpaolo received notification of the ECB's final decision concerning the capital requirement that it has to meet on a consolidated basis as of 1 January 2017, following the results of the 2016 Supervisory Review and Evaluation Process (SREP). The overall capital requirement Intesa Sanpaolo has to meet in terms of Common Equity Tier 1 ratio is 7.25% under the transitional arrangements for 2017, and 9.25% on a fully loaded basis. This is the result of:

- a SREP requirement in terms of Total Capital ratio of 9.5%, comprising a minimum Pillar 1 capital requirement of 8%, of which 4.5% is Common Equity Tier 1 ratio, and an additional Pillar 2 capital requirement of 1.5% made up entirely of Common Equity Tier 1 ratio; and
- additional requirements, entirely in terms of Common Equity Tier 1 ratio, relating to a Capital Conservation Buffer of 1.25% under the transitional arrangements for 2017 and 2.5% on a fully loaded basis in 2019, and an O-SII Buffer (Other Systemically Important Institutions Buffer) of zero under the transitional arrangements for 2017, and 0.75% on a fully loaded basis in 2021."

*The following paragraphs shall be added below the fifth paragraph on page 116 of the Prospectus:*

### ***"News in the press regarding a possible M&A transaction with Assicurazioni Generali***

On 24 January 2017 Intesa Sanpaolo has confirmed, in accordance with the 2014-2017 Business Plan disclosed to the market, that the Bank is interested in industrial growth in the areas of asset management, private banking and insurance, in synergy with its banking networks, including through possible international partnerships.

The management of Intesa Sanpaolo regularly examines options for growth, both internal and external, including those proposed by investment banks, adopting stringent criteria aimed at preserving the Bank's leadership in terms of capital adequacy and in accordance with the policy of creation and distribution of value for the Bank's shareholders.

In light of the above, the management of Intesa Sanpaolo carefully examines, and will examine, any possible opportunities to strengthen its competitive positioning and, therefore, the Group's future financial performance.

These opportunities, including possible industrial combinations with Assicurazioni Generali, are being examined by the Bank's management.

### ***Clarification over news in the press regarding the launch of a Public Exchange Offer on Assicurazioni Generali***

On 3 February 2017, in relation to an upcoming launch of a public exchange offer concerning Assicurazioni Generali, which include presumed relevant conditions, Intesa Sanpaolo - as already stated by a spokesman from the Bank - has reiterated the contents of what it already declared on 24 January 2017.

Therefore, Intesa Sanpaolo has confirmed that possible industrial combinations with Assicurazioni Generali continue to be only the subject of a case study, which is part of the various analyses that the Bank's management regularly carries out about the Intesa Sanpaolo Group's options for growth, both internally and externally.

***Resolution of Intesa Sanpaolo authorising the sale of 4.88% of Bank of Italy capital***

On 3 February 2017, the Board of Directors of Intesa Sanpaolo passed a resolution authorising the sale of a stake representing a total of around 4.88% of the Bank of Italy's share capital. The stake will be sold at its nominal value, which is equal to its carrying value, for an amount of around Euro 366 million. The buyers are: Compagnia di San Paolo, Fondazione Cariplo, Fondo Pensione a contribuzione definita del Gruppo Intesa Sanpaolo, Cassa di Previdenza Integrativa per il Personale Istituto San Paolo Torino, Fondo Pensione Complementare per il Personale del Banco di Napoli, Fondo Pensioni per il Personale Cariplo, Fondo di Previdenza Cr Firenze.

Compagnia di San Paolo and Fondazione Cariplo are entities identified by the Bank as Related Parties in that they are Intesa Sanpaolo shareholders possessing a holding in the Bank's capital with voting rights that is above the minimum threshold set by the rules governing the notification of major holdings in listed companies (the threshold is currently at 3%). The other buyers are entities identified by the Bank as Related Parties in that they are supplementary pension funds established in favour of employees of Intesa Sanpaolo or of entities related to the Bank.

This is not a transaction of "greater significance", therefore no information document is required. The resolution authorising the sale was passed by the Board of Directors, a favourable opinion having been expressed by the Committee for Transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group.

The sale of the stakes in the Bank of Italy's capital is compliant with law provisions concerning shareholdings that exceed the threshold of 3% established by regulators. These provisions were introduced by Legislative Decree no 133 of 30 November 2013 converted into law no 5 of 29 January 2014, which establishes, in particular, that, as of 31 December 2016, no dividend shall be distributed to shares (held either directly or indirectly) exceeding that threshold.

The sale authorised today shall be carried out under the same conditions as applied to the sales made in the past few months to counterparties that were not related parties. The entire decision process was supported by an opinion requested from Professor Angelo Provasoli, which confirmed that the selling price was fair.

The completion of each transaction is conditional on the verification by the Board of Directors of the Bank of Italy that the buyer satisfies all necessary requirements.

Following the completion of the transaction, the Intesa Sanpaolo Group's stake in the Bank of Italy's share capital will decrease to 27.81%. The Intesa Sanpaolo Group intends to reduce its shareholding to a percentage not exceeding the threshold of 3%, and hold this exclusively through Intesa Sanpaolo Vita, for investment purposes, and Banca IMI, for market making purposes."

*The section on page 119 of the Prospectus entitled "Description of Intesa Sanpaolo S.p.A. – Principal Shareholders" shall be deleted in its entirety and replaced by the following:*

"As at 26 January 2017, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 3 per cent <sup>(1)</sup>).

SHAREHOLDER	ORDINARY SHARES	% OF ORDINARY SHARES
Compagnia di San Paolo	1,481,372,075	9.340%
Fondazione Cariplo	767,029,267	4.836%
Assicurazioni Generali SPA <sup>(1)</sup>	535,482,137	3.376%
Fondazione C.R. Padova e Rovigo	524,111,188	3.305%

<sup>(1)</sup> Shareholders which are fund management companies may be exempted from disclosure up to the 5% threshold.

<sup>(1)</sup> 3.184% of Assicurazioni Generali voting rights in the Intesa Sanpaolo capital is held through securities lending."

## TAXATION

The information set out below supplements the information in the section of the Prospectus entitled "Taxation".

### Taxation of the Notes issued by Intesa Sanpaolo

The following text is added on page 148 after the second to last paragraph under the heading "**Italian resident Noteholders**".

Subject to certain conditions, Interest in respect of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni* received by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No.232 of 11 December 2016 ("**Law No. 232**").

The text under the heading "**Italian resident Noteholders**", last paragraph, on page 149 as reproduced below is deleted.

As of 1st January, 2015, Italian pension fund benefits from a tax credit equal to 9% of the increase in value of the managed assets accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets as identified with the Ministerial Decree of 19th June, 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.

### Taxation of Notes issued by INSPIRE or by Intesa Luxembourg

The following text is added on page 151 after the third paragraph under the heading "**Italian resident Noteholders**".

Subject to certain conditions, Interest in respect of Notes issued by INSPIRE or by Intesa Luxembourg that qualify as *obbligazioni* or *titoli similari alle obbligazioni* received by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No.232.

The text under the heading "**Italian resident Noteholders**", third and second to last paragraphs, on page 151 as reproduced below is deleted.

The Pension Fund Tax would apply on a retroactive basis also with reference to the increase in value of the managed assets accrued at the end of fiscal year 2014, but on a reduced taxable basis.

As of 1st January, 2015, Italian pension fund benefits from a tax credit equal to 9% of the increase in value of the managed assets accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets as identified with the Ministerial Decree of 19th June, 2015.

### **Capital Gains**

*The following text is added on page 155 after the last paragraph under the heading "**Notes Issued by Intesa Sanpaolo**".*

Subject to certain conditions, capital gains in respect of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni* realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No.232.

*The following text is added on page 156 after the first paragraph under the heading "**Notes Issued by INSPIRE or by Intesa Luxembourg**".*

Subject to certain conditions, capital gains in respect of Notes issued by INSPIRE or by Intesa Luxembourg that qualify as *obbligazioni* or *titoli similari alle obbligazioni* realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No.232.