

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. and Société Européenne de Banque S.A., as Guarantor (where indicated in the relevant Final Terms)*

and

**INTESA SANPAOLO BANK IRELAND P.L.C.**

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

and

**SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.**

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

**€70,000,000,000**

**Euro Medium Term Note Programme**

Under the €70,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this prospectus (the "**Prospectus**"), Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"), Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") and Société Européenne de Banque S.A. ("**SEB**") (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 pages 160 – 161 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 6 November, 2013 (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 and SEB ("**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by Intesa Sanpaolo pursuant to the Trust Deed and the relevant Deed of Guarantee (as defined herein).

Pursuant to the Programme, the Issuers may issue Notes denominated in any currency agreed with the relevant Dealer. The minimum denomination of all Notes issued under the Programme shall be €100,000 and integral multiples of €1,000 in excess thereof (or its equivalent in any other currency as at the date of issue of the Notes). The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €70,000,000,000 (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 1.**

This Prospectus has been approved as a base prospectus issued in compliance with Directive 2003/71/EC (as amended) (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EU. 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, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. In addition, pursuant to Article 18 of the Prospectus Directive, the Issuers have requested the CSSF (as defined below) to issue a certificate of approval of this Prospectus, together with a copy of this Prospectus, to the Central Bank of Ireland in its capacity as competent authority in Ireland. Under the Luxembourg law of 10th July, 2005, as amended by the Luxembourg law of 3rd July, 2012, which implements the Prospectus Directive, (the "**Luxembourg Prospectus Law**") prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law. The *Commission de Surveillance du Secteur Financier* (the "**CSSF**") assumes no responsibility with regards to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer in accordance with the provisions of Article 7(7) of the Luxembourg Prospectus Law.

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 relevant Issuer. Notes issued pursuant to the Programme may also be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the Final Terms. 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. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless (1) the rating is provided by a credit rating agency not established in the EEA but endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, [www.esma.europa.eu/page/Listregistered-and-certified-CRAs](http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs), a list of credit rating agencies registered and certified in accordance with the CRA Regulation.

Joint Arrangers

**Banca IMI  
Deutsche Bank**  
Dealers

**Banca IMI  
BNP PARIBAS  
Citigroup  
Crédit Agricole CIB  
Deutsche Bank  
Goldman Sachs International  
Intesa Sanpaolo S.p.A.  
Morgan Stanley  
The Royal Bank of Scotland**

**Barclays  
BofA Merrill Lynch  
Commerzbank  
Credit Suisse  
Dexia Crediop S.p.A.  
HSBC  
J.P. Morgan  
Natix  
Société Générale Corporate & Investment Banking**

**UBS Investment Bank**

The date of this Prospectus is 6 November, 2013

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

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice.

Intesa Sanpaolo, INSPIRE and SEB accept responsibility for the information contained in this document. To the best of the knowledge of each of Intesa Sanpaolo, INSPIRE and SEB, 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.

The previous paragraph should be read in conjunction with the second paragraph above. Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with the issue of any Tranche of Notes are the persons named in the applicable Final Terms as the relevant Dealer(s).

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

This Prospectus should be read and construed together with any supplements hereto and with any other information 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).

Intesa Sanpaolo, INSPIRE and SEB 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, INSPIRE and SEB 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, SEB, 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, SEB and Intesa Sanpaolo's other 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, SEB 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*". 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 both 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**").

Neither this Prospectus nor any Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and neither should they be considered as a recommendation by Intesa Sanpaolo, INSPIRE, SEB, 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, SEB 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 €70,000,000,000 (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 as defined under "*Subscription and Sale*"). 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.

This Prospectus has been prepared on the basis that, except to the extent that sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuers 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, in each case, in relation to such offer, or (ii) if a prospectus for such offer 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 and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuers have consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuers nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

Renminbi is currently not freely convertible and conversion of Renminbi through banks in Hong Kong, Singapore and Taiwan is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi-denominated products. In addition, there is a liquidity risk associated with Renminbi-denominated products, particularly if such investments do not have an active secondary market

and their prices have large bid/offer spreads. Renminbi-denominated products are denominated and settled in Renminbi available in Hong Kong, Singapore and Taiwan, which represents a market which is different from that of Renminbi available in the PRC.

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, references to "EUR", "euro", "euros" or "€" are to the currency introduced at the start of the third stage of European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3rd May, 1998 on the introduction of the euro, as amended, references to "Renminbi", "RMB" and "CNY" are to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan) (the "PRC") and references to "S\$" are to the lawful currency of Singapore. References to a "regulated market" have the meaning given to that expression by Article 14 of the Markets in Financial Instruments Directive 2004/39/EC.

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 or over-allotment 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.**

#### 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 "**Intesa Sanpaolo Group**" are to Intesa Sanpaolo and its subsidiaries in respect of the same period;
- (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**" 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. in respect of the period from 1st January, 2007 and references to "**Sanpaolo IMI Group**" are to Sanpaolo IMI and its subsidiaries in respect of the same period.

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## **RISK FACTORS**

*The Issuers believe that the following risk factors may affect their ability to fulfil their obligations under Notes issued under the Programme. Most of these risk 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, risk 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 risk 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.*

*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 is subject to risks that are an inherent part of its business activity. These risks include credit risk, country risk, market risk, liquidity risk and operational risk, as well as business risk and risks specific to our insurance business. The Intesa Sanpaolo Group's profitability depends on its ability to identify, measure and continuously monitor these risks. As described below, the Intesa Sanpaolo Group attaches great importance to risk management and control as conditions to ensure reliable and sustainable value creation in a context of controlled risk, where capital adequacy, earnings stability, liquidity and strong reputation are key to protecting current and prospective profitability.

The strategy of the risk management function is aimed at providing a complete and consistent overview of risks, considering both the macroeconomic scenario and the Intesa Sanpaolo Group's risk profile, by applying a culture of risk-awareness and enhancing the transparency of the risk level inherent to the portfolios of the Intesa Sanpaolo Group.

The efforts of recent years to obtain the validation by the Bank of Italy of internal models for the assessment of credit, operational, market and credit derivative risk are to be interpreted in this way.

The definition of the "Risk Appetite Framework" and the resulting operating limits related to market risk indicators, the use of risk measurement instruments in granting and monitoring loans and controlling operational risk and the use of capital at risk measures for management reporting and assessment of capital adequacy within the Intesa Sanpaolo Group, represent fundamental milestones in the operational application of the strategic and management guidelines defined by Intesa Sanpaolo's Supervisory Board and the Management Board along the Intesa Sanpaolo Group's entire decision-making chain, down to the single operating units and to the single desk.

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

The policies relating to the acceptance of risks are defined by the Supervisory Board and the Management Board of the parent company Intesa Sanpaolo S.p.A., with support from specific operating Committees, the most important of which is the Control Committee, and from the Group Risk Governance Committee and Chief Risk Officer, reporting directly to the Chief Executive Officer.

Intesa Sanpaolo S.p.A. is in charge of overall direction, management and control of risks, whereas the Intesa Sanpaolo Group companies that generate credit and/or financial risks have their own control structures and operate within the assigned autonomy limits. In relation to the main Intesa Sanpaolo Group subsidiaries, these functions are performed, on the basis of an outsourcing contract, by the parent

company's risk control functions, which periodically report to the Board of Directors and the Audit Committee of the relevant subsidiary.

The risk measurement and management tools together define a risk-monitoring framework at the Intesa Sanpaolo Group level, capable of assessing the risks assumed by the Intesa Sanpaolo Group from a regulatory and economic point of view. The level of absorption of economic capital, defined as the maximum "unexpected" loss the Intesa Sanpaolo Group might incur over a period of one year, is a key measure for determining the Intesa Sanpaolo Group's financial structure, risk appetite and for guiding operations, ensuring a balance between risks assumed and shareholder returns. It is estimated on the basis of the current situation and also as a forecast, based on the budget assumptions and projected economic scenario under ordinary and stress conditions. The assessment of capital is included in business reporting and is submitted quarterly to the Group Risk Governance Committee, the Management Board and the Control Committee, as part of the Intesa Sanpaolo Group's Risks *Tableau de Bord*.

The Intesa Sanpaolo Group sets out these general principles in policies, limits and criteria applied to the various risk categories (described below) and business areas with specific risk tolerance sub-thresholds, in a comprehensive framework of governance, control limits and procedures.

Risk hedging, given the nature, frequency and potential impact of the risk, is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

Particular attention is dedicated to managing the short-term and structural liquidity position by following specific policies and procedures to ensure full compliance with the limits set at Intesa Sanpaolo Group level and operating sub-areas, in accordance with international regulations and the risk appetite approved at Intesa Sanpaolo Group level.

The Intesa Sanpaolo Group also intends to maintain adequate levels of protection against reputation risk so as to minimise the risk of negative events that might jeopardise its image. To that end, it has initiated an ex-ante risk management process to identify the major reputation and compliance risks for the Intesa Sanpaolo Group, to define prevention and mitigation tools and measures in advance and to implement specific, dedicated reporting flows.

Intesa Sanpaolo is in charge of overall direction, management and control of risks. Intesa Sanpaolo Group companies that generate credit and/or financial risks are assigned autonomy limits at Intesa Sanpaolo Group level and each has its own control structure. For the main Intesa Sanpaolo Group subsidiaries, these functions are performed, on the basis of an outsourcing contract, by Intesa Sanpaolo's risk control functions, which periodically report to the Board of Directors and the Audit Committee of the relevant subsidiary.

As part of Basel II Project, the goal of which is for the Intesa Sanpaolo Group to adopt advanced approaches, in relation to credit risk, the Bank of Italy granted permission to use the advanced internal rating based approach (AIRB) approach for the Corporate segment (extended to the Specialised Lending segment) and the internal rating based approach (IRB) for the Retail Mortgages segment and, effective as from 31st December, 2012, for the SME Retail segment for the main companies being part of the Intesa Sanpaolo Group.

The Intesa Sanpaolo Group is proceeding with development of the rating models for the other business segments and the extension of the scope of companies for their application in accordance with the gradual roll-out plan for the advanced approaches presented to the Bank of Italy.

Regarding operational risk, as of 31st December, 2009, the Intesa Sanpaolo Group was authorised by the Bank of Italy to use the advanced measurement approaches to determine capital requirements for operational risk with respect to an initial number of banks and companies. With effect from 31st December, 2010, 31st December, 2011 and 30th June, 2013, the Intesa Sanpaolo Group was authorised to extend the use of advanced approaches to respectively a second, third and fourth set of companies, while the remaining Intesa Sanpaolo Group companies that currently use the standardised approach, are expected to gradually migrate to the advanced measurement approaches based on the roll-out plan submitted to management and presented to the Bank of Italy. Moreover, as of 30th June, 2013 the Intesa Sanpaolo Group was authorised by the Bank of Italy to include the benefits of its internal model insurance mitigation component in the computation of its regulatory capital.

#### *Credit Risk*

Credit risk is the risk of losses due to the failure on the part of the Intesa Sanpaolo Group's counterparties (customers) to meet their payment obligations to the Intesa Sanpaolo Group. Credit risk refers to all

claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, interest-bearing securities, approved and undrawn credits, as well as counter-party risk arising through derivatives and foreign exchange contracts. Credit risk also consists of concentration risk, country risk and residual risks, both from securitisations and uncertainty regarding credit recovery rates. Credit risk represents the chief risk category for the Intesa Sanpaolo Group.

Intesa Sanpaolo has developed a set of instruments which ensures analytical control over the quality of the loans to customers and financial institutions, and loans subject to country risk.

Risk measurement uses rating models that are differentiated according to the borrower's segment (corporate, small business, mortgage loans, personal loans, sovereigns, Italian public sector entities, financial institutions). These models make it possible to summarise the credit quality of the counterparty in a measurement (the rating), which reflects the probability of default over a period of one year, adjusted on the basis of the average level of the economic cycle. In case of default, internal rating of loss given default ("**LGD**") model measures losses on each facility, including any downturn effect related to the economic cycle.

Ratings and mitigating credit factors (guarantees, technical forms and covenants) play a fundamental role in the entire loan granting and monitoring process: they are used to set credit strategies and loan granting and monitoring rules as well as to determine decision-making powers.

The main characteristics of the probability of default ("**PD**") and LGD models for Corporate SME Retail segment and Retail Mortgages segment, which are validated for Basel II advanced approaches, are the following:

- **PD model**
  - Corporate segment models are based on financial, behavioural and qualitative data of the customers. They are differentiated according to the market in question (domestic or international) and the size bracket of the company. Specific models are implemented for specialised lending (real estate development initiatives, project finance transactions, leveraged buy-out acquisition finance and asset finance transactions).
  - For the Small Business segment, since the end of 2008 a rating model by counterparty has been used for the Intesa Sanpaolo Group, following a scheme similar to that of the Corporate segment, meaning that it is extremely decentralised and its quantitative-objective elements are supplemented by qualitative-subjective elements; in 2011, the service model for the Small Business segment was redefined, by introducing in particular a sub-segmentation of "Micro" and "Core" customers according to criteria of size and simplicity and a partial automation of the granting process.
  - The Intesa Sanpaolo Group model for the Retail Mortgages segment, adopted in late 2008, processes information relating to both the customer and the contract. It differentiates between initial disbursement, where the application model is used, and the subsequent assessment during the lifetime of the mortgage (behavioural model), which takes into account behavioural information.

- **LGD model**

The LGD is determined on the basis of the actual recoveries achieved during the management of disputes, taking into account the (direct and indirect) costs and the recovery period, as required by the regulation. Each model has been developed on the basis of a workout approach, analysing the losses suffered by the Intesa Sanpaolo Group on historical defaults.

The LGD models, for which advanced internal rating base method has been approved, are:

- Residential Mortgages;
- Corporate (these models are based on different types of financial assets: banking, effective 31 December 2010, authorised from the Bank of Italy in March 2011, leasing and factoring, effective 30 June 2012 authorised in July 2012);
- SME Retail, as of 31 December 2012, authorised by the Bank of Italy in February 2013.

*Country risk*



Assessment of creditworthiness of countries and their respective sovereigns is based on an internal country rating model which is used every six months to update the rating of over 260 countries. This model is based primarily on a quantitative analysis of the ratings issued by the main rating agencies (Moody's, Standard & Poor's Ratings Services and Fitch Ratings Limited), the perception of country risk by the international financial markets (the Moody's Market Implied Rating) and the main macroeconomic indicators for countries considered strategic for Intesa Sanpaolo. The analysis also involves the qualitative judgment of the rating committee of Intesa Sanpaolo, whose members bring into the discussion the more recent economic and political news using their experience to convey them into a more accurate final rating.

#### *Market Risks*

##### *Market risk trading book*

Market risk arises as a consequence of the Intesa Sanpaolo Group's trading and its open positions in the foreign exchange, interest rate and capital markets. The risk is derived from the fluctuation in the value of listed financial instruments whose value is linked to market variables. Market risk in the trading portfolio arises through trading activities in the interest rate, bonds, credit derivatives, commodities, foreign exchange and equity markets. Market risk in the banking portfolio arises from differences in fixed-rate periods.

The quantification of trading risks is based on daily value at risk ("**VaR**") of the trading portfolios of Intesa Sanpaolo and the subsidiary Banca IMI S.p.A., which represent the main portion of the Intesa Sanpaolo Group's market risks, to adverse market movements of the following risk factors:

- interest rates;
- equity and market indexes;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps (CDS);
- spreads in bond issues;
- correlation instruments;
- dividend derivatives;
- asset-backed securities (ABS);
- commodities.

A number of the other Intesa Sanpaolo Group subsidiaries hold smaller trading portfolios with a marginal risk (around 2 per cent. of the Intesa Sanpaolo Group's overall risk). In particular, the risk factors of the international subsidiaries' trading books were interest rates and foreign exchange rates, both relating to linear pay-offs. For some of the risk factors indicated above, the Bank of Italy has validated the internal models for the reporting of the capital absorptions of both Intesa Sanpaolo and Banca IMI S.p.A. In particular, the validated risk profiles for market risks are: (i) generic and specific risk on debt securities and on equities for Intesa Sanpaolo and Banca IMI S.p.A., (ii) position risk on quotas of funds underlying CPPI (Constant Proportion Portfolio Insurance) products for Banca IMI S.p.A., (iii) position risk on dividend derivatives, and (iv) position risk on commodities for Banca IMI S.p.A., the only legal entity in the Intesa Sanpaolo Group authorised to hold open positions in commodities. According to the "Basel 2.5" framework, Stressed VaR and Incremental Risk Charge are in place as further regulatory requirements. Since VaR is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures, in particular simulation measures for the quantification of risks from illiquid parameters (dividends, correlation, ABS, hedge funds). VaR estimates are calculated daily based on simulations of historical time-series, a 99 per cent. confidence level and 1-day holding period.

##### *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, mostly held by the parent company and by the subsidiaries Equiter, IMI Investimenti and Private Equity International.

The methods used to measure market risks of the Intesa Sanpaolo Group's banking book are (i) VaR, and (ii) sensitivity analysis. VaR is calculated as the maximum potential loss in the portfolio's market value that could be recorded over a ten day holding period with a statistical 99 per cent. confidence level (parametric VaR). Besides measuring the equity portfolio, VaR is also used to consolidate exposure to financial risks of the various Intesa Sanpaolo 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). For interest rate risk, an adverse movement is defined as a parallel and uniform shift of  $\pm 100$  basis points of the interest rate curve. The measurements include an estimate of the prepayment effect and of 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. Equity risk sensitivity is measured as the impact of a price shock of  $\pm 10$  per cent.

Furthermore, the 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 Intesa Sanpaolo with third parties or with other Intesa Sanpaolo Group companies (e.g. Banca IMI S.p.A.), which, in turn, cover the risk in the market so that the hedging transactions meet the criteria to qualify as IAS compliant for consolidated annual financial statements. Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first method refers to the fair value hedge of specifically identified assets and liabilities (microhedging), mainly consisting of bonds issued or acquired by the Intesa Sanpaolo Group companies and loans to customers. Moreover, macro-hedging is carried out on the stable portion of on demand deposits in order to hedge against fair value changes intrinsic to the instalments under accrual generated by floating rate operations. Intesa Sanpaolo is exposed to this risk in the period from the date on which the rate is set and the interest payment date. Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on both variable rate funding to the extent that the latter finances fixed-rate investments and on variable rate investments to cover fixed-rate funding (macro cash flow hedge).

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 standards.

#### *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 the practice of raising funds in the same currency as the assets.

#### *Issuer and counterparty risk*

Issuer risk in the 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. A limit at legal entity level (for Intesa Sanpaolo and Banca IMI S.p.A.) is also defined and monitored in terms of Incremental Risk Charge (Credit VaR calculated over a one year time horizon at a confidence level of 99.9 per cent. on bonds, single name CDS and index CDS relating to the issuer trading book portfolio of each bank). Counterparty risk, measured in terms of potential future exposure, is monitored both in terms of individual and aggregate exposures by the credit department. In order for risk to be managed effectively within Intesa Sanpaolo, the risk measurement system is integrated into decision-making processes and the management of company operations. In accordance with the "use test" requirement of Basel 2, a specific project has been set up aimed at obtaining the

estimate, also for regulatory purposes, of the statistical measures that enable the analysis of the evolution of the risk of the derivatives over time.

Specifically, the following measures were defined and implemented:

- PFE (potential future exposure): evolution over time of the credit exposure (i.e. positive mark-to-market) with a 95% confidence level; this is a prudent measure used for credit monitoring purposes. PFE calculated for each counterparty is calculated every day by a risk management calculation engine and sent to credit monitoring engine.
- EPE (expected positive exposure): weighted average for the expected time of the credit exposure, where the weightings are the portions that each time step represents of the entire time period. This is a regulatory measure.

#### *Liquidity risk*

Liquidity risk is defined as the risk that the Intesa Sanpaolo Group may not be able to meet its payment obligations due to the inability to procure funds on the market (funding liquidity risk) or liquidate its assets (market liquidity risk).

Specific rules, metrics, processes, limits, roles and responsibilities are defined in the Liquidity Risk Management Guidelines in order to ensure a prudent control of liquidity risk and guarantee an adequate, balanced level of liquidity for the whole of the Intesa Sanpaolo Group.

Intesa Sanpaolo directly manages its own liquidity, coordinates liquidity management at Intesa Sanpaolo Group level, verifies the adoption of adequate control techniques and procedures, and provides complete and accurate information to the Operational Committees (Group Risk Governance Committee and Group Financial Risks Committee) and the relevant statutory bodies.

The internal short-term Liquidity Policy is aimed at ensuring an adequate, balanced level of cash inflows and outflows, in order to respond to periods of tension on the various funding sourcing markets, also by establishing adequate liquidity reserves in the form of assets eligible for refinancing with Central Banks or liquid securities on private markets. The internal structural Liquidity Policy incorporates the set of measures and limits designed to control and manage the risks deriving from the mismatch of medium to long term maturities of the assets and liabilities, essential for the strategic planning of liquidity management.

The Intesa Sanpaolo Group Guidelines also call for the periodic estimation of liquidity risk position in acute combined stress scenarios (both stress specific and market-related ones) and the introduction of a target threshold aimed at establishing an overall level of reserves suitable to meet greater cash outflows to restore the Intesa Sanpaolo Group to balanced conditions.

Finally, the Intesa Sanpaolo Group has a contingency liquidity plan in place, which has the objective of safeguarding the Intesa Sanpaolo Group's asset value and enabling the continuity of operations under conditions of a liquidity constriction, or even in the absence of liquidity in the market. The plan ensures the identification of the early warning signals and their ongoing monitoring, the definition of procedures to be implemented in situations of liquidity stress, the immediate lines of action, and the intervention measures for the resolution of emergencies.

#### *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 risk includes legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or out-of-contract responsibilities or other disputes (excluding strategic and reputational risks).

The Intesa Sanpaolo Group has long defined the overall operational risk management framework by setting up a policy and organisational process for measuring, managing and controlling operational risk.

The control of operational risk was attributed to the management board, which identifies risk management policies, and to the supervisory board, which is in charge of their approval and verification, as well as of the guarantee of the functionality, efficiency and effectiveness of the risk management and control system.

The tasks with which the Intesa Sanpaolo Group compliance and operational risk committee is charged include periodically reviewing the Intesa Sanpaolo Group's overall operational risk profile, authorising any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activities and approving operational risk transfer strategies.

The Intesa Sanpaolo Group has a centralised function within the risk management department for the management of the Intesa Sanpaolo Group's operational risk. 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 top management.

In compliance with current requirements, the individual organisational units are responsible for identifying, assessing, managing and mitigating their own operational risks. Specific officers and departments have been identified within these business units to be responsible for operational risk management (structured collection of information relative to operational events, scenario analyses and business environment and internal control factors evaluation).

The integrated self-assessment process, which has been conducted on an annual basis, has allowed the Intesa Sanpaolo Group to:

- identify, measure, monitor and mitigate operational risk through identification of the main operational problem issues and definition of the most appropriate mitigation actions; and
- create significant synergies with the specialised functions of the organisation and security department that supervise the planning of operational processes and business continuity issues and with the internal control functions (in particular compliance and internal auditing) that supervise specific regulations and issues (such as Legislative Decree No. 231 of 2001, Law 262 of 2005) or conduct tests of the effectiveness of controls of company processes.

The self-assessment process identified a good overall level of control of operational risks and contributed to enhancing the diffusion of a business culture focused on the ongoing control of these risks.

The process of collecting data on operational events (in particular operational losses, obtained from both internal and external sources) provides significant information on the exposure. It also contributes to building knowledge and understanding of the exposure to operational risk, on the one hand, and assessing the effectiveness or potential weaknesses of the internal control system, on the other hand.

The internal model for calculating capital absorption is conceived in such a way as to combine all the main sources of quantitative and qualitative information (self-assessment).

The quantitative component is based on an analysis of historical data concerning internal events (recorded by organisational units, appropriately verified by the central function and managed by a dedicated IT system) and external events (the *Operational Riskdata exchange Association - ORX*).

The qualitative component (scenario analysis) focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured, organised collection of subjective estimates expressed directly by management (subsidiaries, parent company's business areas, the corporate centre) with the objective of assessing the potential economic impact of particularly severe operational events. Capital-at-risk is therefore identified as the minimum amount at the Intesa Sanpaolo Group level required to bear the maximum potential loss (worst case); capital-at-risk is estimated using a "Loss Distribution Approach" model (actuarial statistical model to calculate the VaR of operational losses), applied on quantitative data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90 per cent; the methodology also applies a corrective factor, which derives from the qualitative analyses of the risk of the evaluation of the business environment, to take account of the effectiveness of internal controls in the various organisational units.

Monitoring of operational risks is performed by an integrated reporting system, which provides management with the information necessary for the management and/or mitigation of the operational risk.

In order to support the operational risk management process on a continuous basis, a structured training programme has been fully implemented for employees actively involved in the process of managing and mitigating operational risk.

The Intesa Sanpaolo Group activated a traditional operational risk transfer policy (to protect against offences such as employee disloyalty, theft and theft damage, cash and valuables in transit losses,

computer fraud, forgery, earthquake and fire, and third-party liability), which contributes to mitigating exposure to operational risk. Moreover, in order to allow optimum use of the available operational risk transfer tools, pursuant to applicable regulations, the Intesa Sanpaolo Group stipulated an innovative insurance coverage policy (a second layer policy) known as the "**Operational Risk Insurance Programme**", which offers additional coverage to traditional (first layer) policies, significantly increasing the limit of liability, effectively transferring the risk of significant operational losses to the insurance market. The internal model's insurance mitigation component was approved by the Bank of Italy with immediate effect of its benefits on operations and on the capital requirements.

#### *Strategic Risk*

Strategic risk is defined as the risk associated with a potential decrease in profits or capital due to changes in the operating environment of the Intesa Sanpaolo Group, misguided Intesa Sanpaolo Group decisions, inadequate implementation of decisions, or an inability to sufficiently react to competitive forces. The Intesa Sanpaolo Group is able to mitigate strategic risk by following the implemented policies and procedures that place strategic decision making responsibility with the supervisory board and management board, who are supported by the Intesa Sanpaolo Group's departments and committees.

#### *Reputational Risk*

Reputational risk is defined as the current and prospective risk of a decrease in profits or capital due to a negative perception of Intesa Sanpaolo's image by customers, counterparties, shareholders, investors and supervisory authorities. Reputational damage could affect all business areas, independent of where in the Intesa Sanpaolo Group the original incident occurred. The Intesa Sanpaolo Group's reputation could also be harmed by negative events in other institutions if the market considers the Intesa Sanpaolo Group to be in the same or similar category of institution. The Intesa Sanpaolo Group has adopted and published a code of ethics that sets out the values and principles that the Intesa Sanpaolo Group intends to follow in its dealings with all stakeholders (customers, employees, suppliers, shareholders, the environment and, more generally, the community) and its objectives hold the Intesa Sanpaolo Group to a higher standard than that required for compliance with applicable laws.

#### *Risk on owned real-estate assets*

The risk on owned real-estate assets may be defined as a risk associated with the possibility of suffering financial losses due to an unfavourable change in the value of such assets.

### **Risks specific to Intesa Sanpaolo Group's insurance business**

#### *Life business*

The typical risks of life insurance portfolios (managed by Intesa Sanpaolo Vita, Intesa Sanpaolo Life and Fideuram Vita) may be divided into three main categories: premium risks, actuarial and demographic risks and reserve risks.

Premium risks are protected initially during the establishment of the technical features of the product and its pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at portfolio level, including all liabilities). When preparing a product for market, profit testing is used to measure profitability and identify any weaknesses beforehand.

Actuarial and demographic 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". This loss ratio refers not only to actuarial loss, but also to financial loss (guaranteed interest rate risk). Intesa Sanpaolo manages these risks by performing systematic 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.

Intesa Sanpaolo manages reserve risk through the calculation of mathematical reserves, with a series of checks as well as overall verifications performed by comparing results with the estimates produced on a monthly basis. Intesa Sanpaolo Group places an emphasis on using the correct assumption for contracts by checking the relative portfolio against the movements during the period and the consistency of the amounts settled compared with the reserves' movements. The mathematical reserves are calculated in respect of the portfolio on a contract-by-contract basis taking all future commitments into account.

#### *Non-life business*

The typical risks of the non-life insurance portfolio (managed through Intesa Sanpaolo Assicura) are essentially premium and reserve risk. Premium risks are protected initially while the product's technical features and pricing are established, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at portfolio level, including all liabilities). Reserve risk is managed through the exact calculation of technical reserves. In particular, technical reserves may be divided into a premium reserve, a damage fund, a reserve for profits and reversals, other technical reserves and a reserve for equalisation.

#### *Financial risks*

In line with the growing focus in the insurance sector on the issues of value, risk and capital in recent years, a series of initiatives have been launched to strengthen risk governance and manage and control risk-based capital. With regard to both investment portfolios for the coverage of obligations with the insured and free capital, an internal regulation was adopted in order to define the investment policy. The aim of the investment policy is the control and monitoring of market and credit risks. The policy defines the goals and operating limits to distinguish the investments in terms of eligible assets and asset allocation, breakdown by rating classes and credit risk, concentration risk by issuer and sector, and market risks (in turn measured in terms of sensitivity to variations in risk factors and VaR). Investment decisions, portfolio growth and compliance with operating limits are reviewed on a monthly basis by specific investment committees.

#### *Investment portfolios*

The investments of the insurance subsidiaries of Intesa Sanpaolo Group are aimed at covering free capital and obligations with customers, namely life policies with profit participation clauses, index linked and unit-linked policies, pension funds and casualty policies. Life policies with profit participation clauses offer the insured the ability to receive a share of the profit from the fund management (the segregated fund) and a minimum guaranteed level, and therefore generate proprietary market and credit risks for the insurance company. Index linked and unit-linked policies, which usually do not present direct risks, are monitored with regard to reputation risks.

#### *Competition*

In recent years the Italian banking sector has been characterised by ever increasing competition which, together with the level of interest rates, has caused a sharp reduction in the difference between lending and borrowing interest rates and subsequent difficulties in maintaining a positive growth trend in interest rate margin.

In particular, such competition has had two main effects:

- a progressive reduction in the differential between lending and borrowing interest rate, which may result in Intesa Sanpaolo facing difficulties in maintaining its actual rate of growth in interest rate margins; and
- a progressive reduction in commissions and fees, particularly from dealing on behalf of third parties and orders collection, due to competition on prices.

Both of the above factors may adversely affect Intesa Sanpaolo's financial condition and result of operations.

In addition, downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete.

#### *Legal risks*

The Intesa Sanpaolo Group is involved in various legal proceedings. Management believes that such proceedings have been properly analysed by the Intesa Sanpaolo Group 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 consolidated annual financial statements in accordance with the applicable accounting standards. For more detailed information, see paragraph headed "*Legal Risks*", from page 98 to page 106, with regard to the paragraphs "*Banca Infrastrutture Innovazione e Sviluppo and Municipality litigation*", "*Cirio Group default*", "*Angelo Rizzoli litigation*" and "*Relations with the Giacomi Group*", under the section headed "*Description of Intesa Sanpaolo S.p.A.*".

***The Issuers are subject to the current disruptions and volatility in the global financial markets***

The profitability and solvency of each of the Issuers are influenced by the conditions of the general economy and of the financial markets and, above all, by the stability, economic growth prospects and creditworthiness of Italy, the main country in which the Intesa Sanpaolo Group operates.

The global financial system still has to overcome some of the difficulties which began in August 2007 and which were intensified by the bankruptcy of Lehman Brothers in September 2008. Financial market conditions have remained challenging and, in certain respects, have deteriorated. In addition, the continued concern about sovereign credit risks in the Euro-zone and Italy in particular has progressively intensified, and International Monetary Fund and European Union financial support packages have been agreed for Greece, Cyprus, Ireland and Portugal.

Credit quality has generally declined, as reflected by the downgrades suffered by several countries in the Euro-zone, including Italy, since the start of the sovereign debt crisis. The large sovereign debts and/or fiscal deficits in certain European countries, including Italy, have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. The principal international organisms for analysis of the economy (such as the International Monetary Fund) have further adjusted their negative projections made in 2012 for the growth of the Italian economy. A further deterioration of the existing economic and financial conditions and continuing stagnation of the Italian economy could further slow down the Intesa Sanpaolo Group's business activities and render it more difficult and costly to obtain the necessary funding, with consequential negative effects on the results of operation and/or financial condition of the Intesa Sanpaolo Group.

The current dislocation in the global and Italian capital markets and credit conditions has led to the most severe examination of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and has had an impact on the wider economy. Individual institutions have faced varying degrees of stress. Should the Intesa Sanpaolo Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Intesa Sanpaolo Group's ability to meet its financial obligations at a competitive cost, or at all, could be adversely affected.

There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Ireland, Portugal, and Cyprus will be sufficient to avert "contagion" to other countries (in Europe, specifically Spain and Italy).

***The Intesa Sanpaolo Group's business is focused primarily on the Italian domestic market and therefore adverse economic conditions in Italy or a delayed recovery in the Italian market may have particularly negative effects on the Intesa Sanpaolo Group's financial condition and results of operations***

Although the Intesa Sanpaolo Group operates in many countries, Italy is its primary market. Its business is therefore particularly sensitive to adverse macroeconomic conditions in Italy.

The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other OECD nations, could have a material adverse effect on the Intesa Sanpaolo Group's business, results of operations or financial condition.

In addition, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, may destabilise the markets and have a material adverse effect on the Intesa Sanpaolo Group's operating results, financial condition and prospects as well as on the marketability of the Notes.

***Governmental and central banks' actions intended to support liquidity may be insufficient or discontinued***

In response to the financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors, intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.

The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring

liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the Intesa Sanpaolo Group's business, financial condition and results of operations.

### **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 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 features:

##### *Notes subject to optional redemption by the relevant Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant 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 relevant 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.

##### *Inflation Linked Notes*

Each Issuer may issue Notes with principal and/or interest determined by reference to an index or formula or to changes in the prices of securities or commodities (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;



- (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

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.

#### *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.

To the extent that Multiplier or Reference Rate Multiplier applies in respect of the determination of the Interest Rate for the Floating Rate Notes, investors should be aware that any fluctuation of the underlying floating rate will be amplified by such multiplier. Where the Multiplier is less than 1, this may adversely affect the return on the Floating Rate 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 Intesa Sanpaolo 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, Intesa Sanpaolo may not have enough assets remaining after these payments to pay amounts due under such Notes.

For a full description of the provisions relating to Subordinated Notes, see Conditions 4(b) (*Status - Subordinated Notes issued by Intesa Sanpaolo*).

#### *Regulatory classification of the Notes*

The intention of the Intesa Sanpaolo is for Subordinated Notes to qualify on issue as "Tier II capital", for regulatory capital purposes. Current regulatory practice by the Bank of Italy does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is Intesa Sanpaolo's expectation that the Notes qualify as "Tier II capital", as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU capital requirement regulations. If the

Notes are not grandfathered, or for any other reason cease to qualify, as "Tier II capital", Intesa Sanpaolo will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 10(f) (*Redemption for regulatory reasons (Regulatory Call)*), subject to the prior approval of the Bank of Italy. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

#### *Current regulatory framework, non-viability requirement and the bail-in tool*

A draft of a new EU directive (called the Recovery and Resolution Directive, or the "**RRD**") containing rules in relation to bank resolution and recovery was released on 6th June, 2012. The draft RRD includes provisions relating to the conversion or write-down of debt instruments qualifying as "Tier I capital" and "Tier II capital" as well as to the bail-in tool, which entitles national authorities such as the Bank of Italy, the ECB or other relevant authorities (a "**Relevant Authority**") to write-down or convert into equity, in certain circumstances and subject to certain exclusions, subordinated debt, certain types of senior debt and certain other liabilities. The types of debt may include the Notes. The RRD is currently expected to be implemented by Member States by 31st December, 2014, except for the application of the bail-in tool that will be postponed to 1st January, 2018.

There can be no assurance that, to the extent Intesa Sanpaolo was in a financial condition requiring a write-down or bail-in that a Relevant Authority having oversight over it would not write down the Notes or convert them into equity. For additional information regarding the RRD, see "*Current regulatory framework, non-viability requirement and the bail-in tool*".

#### *Integral multiples of less than €100,000*

Subject to any minimum denomination applicable to Notes issued by INSPIRE or SEB, in relation to any Notes issued in denominations representing the aggregate of (i) a minimum Specified Denomination of €100,000, plus (ii) integral multiples of another smaller amount, Notes may be traded in amounts which, although greater than €100,000 (or its equivalent in another currency), are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 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 or 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 17 (*Meetings of Noteholders; Modification and Waiver; Substitution, Additional Issues*).

##### *U.S. Foreign Account Tax Compliance Withholding*

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), the relevant Issuer (or the Guarantor) and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Notes made after 31st December, 2016. This withholding does not apply to payments on Notes that are issued prior to 1st July, 2014 (or, if later, the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published) unless the Notes are characterised as equity for U.S. federal income tax purposes.

The relevant Issuer (or the Guarantor) may enter into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide certain information about investors. Under such an agreement, withholding may be triggered if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the relevant Issuer (or the Guarantor), (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Notes is made is not able to receive payments free of withholding under FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the relevant Issuer (or the Guarantor) would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the relevant Issuer (or the Guarantor), a Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, if FATCA withholding is imposed on these payments, investors may receive less interest or principal than expected.

An investor that is a "foreign financial institution" (as defined under the FATCA rules) that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

The United States is in the process of negotiating intergovernmental agreements to implement FATCA ("**IGAs**") with a number of jurisdictions. Different rules than those described above may apply if the relevant Issuer (or the Guarantor) or an investor is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA. Italy and Luxembourg have initiated an IGA with the United States; however, the contents of the IGA have not yet been made public.

Investors should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

#### *EU Savings Tax Directive*

Under EC Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") on the taxation of savings income in the form of interest payments, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity called "residual entities", within the meaning of Article 4.2 of the EU Savings Directive (the "**Residual Entities**") established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. In the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg government officially announced on 10th April, 2013 that it will no longer apply the withholding tax system as from 1st January, 2015 and will provide with details of payment of interest (or similar income).

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or Residual Entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or Residual Entities established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Tax Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

#### *Change of law*

The conditions of the Notes are governed by English law in effect as at the date of this Prospectus, except for the subordination provisions of the Subordinated Notes issued by Intesa Sanpaolo, which are based on

Italian law. No assurance can be given as to the impact of any possible judicial decision or change to applicable 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 depository 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 relevant Issuer will discharge its payment obligations under the Notes once the paying agent has paid 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 relevant 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 relating to Singapore taxation***

Notes issued in Singapore dollars are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), subject to the fulfilment of certain conditions as further described under "**Taxation in Singapore**".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith under the ITA should the relevant tax laws be amended or revoked at any time, which amendment or revocation may be prospective or retroactive.

#### ***Risks relating to Renminbi-denominated Instruments***

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

*Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes*

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Singapore and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually.

On 12th October, 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Certain Issues Concerning Direct Investment Involving Cross border Renminbi" (商務部關於跨境人民幣直接投資有關問題的通知) (the "**MOFCOM Circular**"). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve Renminbi foreign direct investments ("**FDI**") with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13th October, 2011, the People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投資人民幣結算業務管理辦法) (the "**PBoC FDI Measures**") as part of the implementation of the PBoC's detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14th June, 2012, the PBoC further issued the implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

Although the PRC Government is liberalising the control over cross-border Renminbi remittances (especially given the goal to achieve full convertibility of capital accounts (if the risk is under control) and promote convenient cross-border Renminbi flow in the China (Shanghai) Pilot Free Trade Zone), there is no assurance that the PRC Government will continue to gradually liberalise control over crossborder remittance of Renminbi in the future, that the pilot schemes introduced in Hong Kong, Singapore and Taiwan will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Issuer (or the Guarantor) to source Renminbi to finance its obligations under Notes denominated in Renminbi.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the relevant Issuer (or the Guarantor's) ability to source Renminbi outside the PRC to service Renminbi Notes*

As a result of the restrictions by the PRC Government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

As of 31st July, 2013, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB695 billion. As of 31st August, 2013, the total amount of Renminbi deposits held by Taiwan foreign exchange banks and offshore banking units amounted to approximately RMB85 billion.

While the PBoC has established Renminbi clearing and settlement mechanisms for participating banks in Hong Kong, Singapore and Taiwan through settlement agreements on the clearing of Renminbi business (the "**Settlement Agreements**") with Bank of China (Hong Kong) Limited in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore and Bank of China, Taipei Branch in Taiwan (each, a "**Renminbi Clearing Bank**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the relevant Issuer (or the Guarantor) is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the relevant Issuer (or the Guarantor) will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described in the conditions applicable to Renminbi Notes, the relevant Issuer (or the Guarantor) can make payments under the Renminbi Notes in U.S. dollars.

*Investment in the Renminbi Notes is subject to exchange rate risks*

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The relevant Issuer (or the Guarantor) will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (as defined in Condition 11(q) (*Payments – Payments under Registered Notes – Inconvertibility, Non-transferability or Illiquidity*)), the relevant Issuer is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Conditions allow the relevant Issuer to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in Condition 11(q) (*Payments – Payments under Registered Notes – Inconvertibility, Non-transferability or Illiquidity*). As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in U.S. dollar or other foreign currency terms will decline.

*Investment in the Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of the Renminbi Notes will vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

*Investment in the Renminbi Notes is subject to currency risk*

If the relevant Issuer (or the Guarantor) is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the relevant Issuer (or the Guarantor) shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

*Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes*

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depository or common safekeeper, as the case may be, for Clearstream Banking société anonyme and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The relevant Issuer (or the Guarantor) cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and their respective implementation rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC enterprise or individual Holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is income derived from sources within the PRC. However, uncertainty remains as to whether the gain realised from the transfer of the Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and their respective implementation rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Note Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to the EIT or IIT on capital gains derived from a sale or exchange of the Renminbi Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of the Renminbi Notes (such EIT is currently levied at the rate of 10 per cent. of gains realised and such IIT is currently levied at the rate of 20 percent of gains realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual Holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT), the value of their investment in the Renminbi Notes may be materially and adversely affected.

#### *Remittance of proceeds into or outside of the PRC in Renminbi*

In the event that an Issuer (or the Guarantor) decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and registration with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and registration with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

Although the PRC Government is liberalising the control over cross-border Renminbi remittances (especially given the goal to achieve full convertibility of capital accounts (if the risk is under control) and promote convenient cross-border Renminbi flow in the China (Shanghai) Pilot Free Trade Zone), there is no assurance that the PRC Government will continue to gradually liberalise the control over cross border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that an Issuer (or the Guarantor) does remit some or all of the proceeds into the PRC in Renminbi and an Issuer (or the Guarantor) subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

#### *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 relevant Issuer (or the Guarantor) 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.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

### *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.  Société Européenne de Banque S.A., a public limited liability company ( <i>société anonyme</i> ), incorporated under the laws of the Grand Duchy of Luxembourg as a credit establishment, having its registered office at 19-21 boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, and registered with the Register of Trade and Companies of Luxembourg under number B. 13.859.
Guarantor:	Intesa Sanpaolo S.p.A. (in respect of Notes issued by INSPIRE and SEB)
Joint Arrangers:	Banca IMI S.p.A.  Deutsche Bank AG, London Branch
Dealers:	Banca IMI S.p.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Dexia Crediop S.p.A., Goldman Sachs International, HSBC Bank plc, Intesa Sanpaolo S.p.A., J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, The Royal Bank of Scotland plc, Société Générale, UBS Limited and any other Dealer appointed from time to time by Intesa Sanpaolo, INSPIRE and SEB 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.
Registrar and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Principal Paying Agent:	Deutsche Bank AG, London Branch
Luxembourg Listing Agent:	Société Européenne de Banque S.A.
Listing, approval 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 relevant 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 19 of the Luxembourg Prospectus Law, the CSSF may at the request of any Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Prospectus; and (ii) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (an "<b>Attestation Certificate</b>"). At the date hereof the Issuers have requested the CSSF to send an Attestation Certificate and copy of this Prospectus to the Central Bank of Ireland in its capacity as competent authority in Ireland.</p> <p>Notice of the aggregate nominal amount of Notes, interest (if any)</p>

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 trading 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**"), 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 €70,000,000,000 (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 completed by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.
- Forms of Notes: Notes will be issued as Bearer Notes or 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 Bearer Notes 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 (as each such term is defined in the section entitled "*Forms of the Notes*" below). 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*

Each Tranche of Registered Notes will be represented by individual certificates ("**Individual Note Certificates**") or one or more Global Notes in registered form ("**Registered Global Notes**"), in each case as specified in the relevant Final Terms.

Each Note represented by Registered Global Note will either be: (a) in the case of a Registered Global Note which is not to be held under the New Safekeeping Structure (as such term is defined in the section entitled "*Forms of Notes*" below), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common depositary; or (b) in the case of a Registered Global Note to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

#### *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, and where such Notes are stated to have the benefit of the Guarantee in the relevant Final Terms and upon the entering into of a Deed of Guarantee, payment of all amounts due in respect of Notes issued by INSPIRE or by SEB shall have the benefit of a guarantee of Intesa Sanpaolo. See also " <i>— Status of the Guarantee</i> " and " <i>— Governing Law</i> ".
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, in the case of Intesa Sanpaolo only, on a subordinated basis (" <b>Subordinated Notes</b> ") as described herein.
Unsubordinated Notes:	The status of the Unsubordinated Notes is described in Condition 4(a) ( <i>Status - Unsubordinated Notes</i> ).
Subordinated Notes:	Notes issued by Intesa Sanpaolo may be issued as Subordinated Notes as described in Condition 4(b) ( <i>Status - Subordinated Notes issued by Intesa Sanpaolo</i> ).
Status of Guarantee:	The Guarantee given by Intesa Sanpaolo in respect of Notes issued by INSPIRE or SEB, upon the entering into of a deed of guarantee in the form set out in the Trust Deed is described in Condition 5 ( <i>Status of the</i>

*Guarantee*).

Issue Price:	Notes may be issued at any price, 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 Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes, 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).</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 Subordinated Notes, both at their date of maturity and in the case of early redemption at the option of Intesa Sanpaolo, 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 I, Chapter 2 of the New Supervisory Regulations for Banks (<i>Nuove disposizioni di vigilanza prudenziale per le banche</i>), as set out in Bank of Italy Circular No. 263 of 27th December, 2006 in force from March 2008 (as amended, supplemented or re enacted from time to time (the "<b>2006 Bank of Italy Regulations</b>") immediately following redemption of the 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 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.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "<i>Maturities</i>" above.</p>
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Noteholders 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 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.
Regulatory Call:	If specified as applicable in the relevant Final Terms, Subordinated Notes may be redeemed before their stated maturity at the option of Intesa Sanpaolo if any change in Italian Law or Applicable Banking Regulations or any change in the official application or interpretation thereof, such Subordinated Notes are fully excluded from regulatory treatment as Tier 2 Capital. Such optional redemption may only be at the option of Intesa Sanpaolo and is subject to any necessary prior consent thereto having been obtained from the Bank of Italy.
Tax Redemption:	Except as described in " <i>Optional Redemption</i> " and " <i>Regulatory Call</i> " above, early redemption will only be permitted for tax reasons as described in Condition 10(b) ( <i>Redemption and Purchase - Redemption for tax reasons</i> ). Any such redemption shall be subject, in the case of

Subordinated Notes, to the prior consent of the Bank of Italy and to 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 and SEB 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 €100,000 (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 and SEB be issued in denominations representing the aggregate of (i) a minimum denomination of €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) plus (ii) integral multiples of another smaller amount, and such Notes may be traded in amounts which, although greater than €100,000 (or its equivalent in another currency), are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 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 or 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 U.S. dollars must have a minimum denomination of U.S. \$500,000 or if denominated in a currency other than euro or U.S. 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 13 (*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 12 (*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 12 (*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 1st 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 20 per cent. per annum in respect of interest and premium (if any) on Notes that qualify as atypical securities (pursuant to Law Decree No. 512 of 30th 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 12 (*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 Trust Deed and the rights and obligations in respect of the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with each of the foregoing, are governed by, and shall be construed in accordance with, English law, save that the subordination provisions applicable to Subordinated Notes issued by Intesa Sanpaolo and any non-contractual obligations arising out of or in connection with such provisions shall be governed by, and construed in accordance with, Italian law.

**Ratings:** Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the Final Terms. 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.

Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7th June, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**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), Hong Kong, the People's Republic of China, Singapore and Japan, see "*Subscription and Sale*" below.

## INFORMATION INCORPORATED BY REFERENCE

The following information, which has previously been published and filed with the CSSF is incorporated in, and forms part of, this Prospectus:

- (i) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31st December, 2011, as shown in the Intesa Sanpaolo Group 2011 Annual Report;
- (ii) the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31st December, 2012, as shown in the Intesa Sanpaolo Group 2012 Annual Report;
- (iii) the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30th June, 2013, as shown in the Intesa Sanpaolo Group 2013 Half-yearly Report;
- (iv) the audited annual financial statements of INSPIRE as at and for the year ended 31st December, 2011, as shown in the 2011 annual report of INSPIRE;
- (v) the audited annual financial statements of INSPIRE as at and for the year ended 31st December, 2012, as shown in the 2012 annual report of INSPIRE;
- (vi) the unaudited half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2013, as shown in the 2013 half-yearly report of INSPIRE;
- (vii) the audited annual financial statements of SEB as at and for the year ended 31st December, 2011, as shown in the 2011 annual report of SEB;
- (viii) the audited annual financial statements of SEB as at and for the year ended 31st December, 2012, as shown in the 2012 annual report of SEB; and
- (ix) the audited consolidated financial statements of SEB as at and for the year ended 31st December, 2012.

in each case together with the accompanying notes and (where applicable) audit reports; and

- (x) the base prospectus in respect of the Intesa Sanpaolo, INSPIRE and SEB Euro Medium Term Note Programme dated 30 October 2012 (the "**2012 Base Prospectus**").

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 superseding 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)).

Intesa Sanpaolo declares that the English translation of each of the Intesa Sanpaolo Group's financial statements incorporated by reference in this Prospectus is an accurate and not misleading translation in all material respect of the Italian language version of the Intesa Sanpaolo Group's financial statements.

### **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.



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The unaudited half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2013 are incorporated by reference in this Prospectus in their entirety.

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

## 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 and publish a supplement to this Prospectus in accordance with Article 16 of the Prospectus Directive or 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 pages 74 to 86. To this extent, and/or 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

### BEARER NOTES

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

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

In the case of each Tranche of Bearer Notes, 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 1 year, 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 Notes represented by 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 Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by 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 13 (*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 or SEB, 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 €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. 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 13 (*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 or SEB, 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 €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 or more than €199,000 (as applicable). 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.

#### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

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 "*Summary of Provisions Relating to the Notes while in Global Form*" below.

#### **Legend concerning United States persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 1 year, the Notes in global form, the Notes in definitive form 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."

#### **REGISTERED NOTES**

Each Tranche of Registered Notes will be represented by Individual Note Certificates or one or more Registered Global Notes, in each case as specified in the relevant Final Terms.

In a press release dated 22nd October, 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (the "**ICS**Ds") had designed in cooperation with market participants and that Notes to be held under the new structure (the "**New Safekeeping Structure**" or "**NSS**") would be 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**"), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream,

Luxembourg as of 30th June, 2010 and that registered debt securities in registered global form held issued through Euroclear and Clearstream, Luxembourg after 30th September, 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Registered Global Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Registered Global Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Registered Global Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Registered Global Note ", then if either of the following events occurs:
  - (i) 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
  - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Registered Global Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Registered Global Note within five business days of the delivery, by or on behalf of the registered holder of the Registered Global Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Registered Global Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, 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.

#### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Registered Global Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

## 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 completed 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. Further information related to Inflation Linked Notes is contained in Annex 1 (Further information related to Inflation Linked Notes) below.

### 1. Introduction

- (a) *Programme*: Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**"), Intesa Sanpaolo Bank Ireland p.l.c. ("**INSPIRE**") and Société Européenne de Banque S.A. ("**SEB**") have established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €70,000,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed, in respect of Notes issued by INSPIRE and SEB, by Intesa Sanpaolo (in this capacity, the "**Guarantor**") pursuant to a Deed of Guarantee (as defined below) to be entered upon the issuance of such guaranteed Notes.
- (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 completed 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 6 November, 2013 (as amended and/or supplemented and/or restated from time to time, and including the Deed of Guarantee (as defined below), the "**Trust Deed**") made between Intesa Sanpaolo, INSPIRE, SEB 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 6 November, 2013 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between Intesa Sanpaolo, INSPIRE, SEB, 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 registrar (the "**Registrar**", which expression includes any successor 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 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) *Deed of Guarantee*: Notes issued by INSPIRE and SEB shall have the benefit of a deed of guarantee (the "**Deed of Guarantee**") entered into in respect of such Notes.
- (f) *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 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.
- (g) *Summaries*: Certain provisions of these Conditions are summaries of the Trust Deed, Agency Agreement and the Deed of Guarantee (if entered into in respect of an issue of Notes) 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, the Agency Agreement and the Deed of Guarantee (if any) applicable to them. Copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee (if entered into in respect of an issue of Notes) 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.

- (h) *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;
- (ii) in relation to any sum payable in a currency other than euro or Renminbi, 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;
- (iii) in relation to any sum payable in Renminbi, a day (other than Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong;

"**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**" 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;
  - (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;

- (v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with the Business Day Convention.

"**Calculation Agent**" means the 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;

"**CNY**" or "**Renminbi**" means the lawful currency of the PRC;

"**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 6) 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 7), "**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:

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

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:

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

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 Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**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;

"**euro**" means the 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 from time to time;

"**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 issued by INSPIRE or SEB, as the case may be, that has been given by the Guarantor in the Deed of Guarantee entered into in relation to that issue of Notes;

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

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**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;

**"Multiplier"** 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;

**"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 or Renminbi, 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; or
- (iii) if the currency of payment is Renminbi, a day (other than Saturday, Sunday, or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

"PRC" means the People's Republic of China which, for the purpose of these Terms and Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"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 Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to Australian dollars, it means Melbourne and, in relation to New Zealand dollars, it means Wellington; and
- (iii) in relation to Renminbi, it means Hong Kong;

"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;

"Reference Rate Multiplier" 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;

**"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;

**"Renminbi Calculation Agent"** means the person specified in the relevant Final Terms as the party responsible for calculating the Spot Rate (as defined in Condition 11(q)) and/or such other amount(s) as may be specified 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;

**"Switch Option"** means, if Change of Interest Basis and Issuer's Switch Option are specified as applicable in the applicable Final Terms, the option of the Issuer, at its sole absolute discretion, on one or more occasions and subject to the provisions of Condition 7(g), to change the Interest Basis of the Notes from Fixed Rate to Floating Rate, to Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms, with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date;

**"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 (TARGET2) System (or any successor to TARGET2) is open;

**"Treaty"** means the Treaty establishing the European Union, as amended; and



"**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 12 (*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 12 (*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 will be issued as Bearer Notes or Registered Notes, as specified in the relevant Final Terms.

- (a) *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. Bearer Notes issued by SEB shall be signed by any two directors of SEB.
- (b) *Title to Bearer Notes:* Title to Notes and Coupons will pass by delivery.
- (c) *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**").
- (d) *Title to Registered Notes:* 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. With respect to Notes issued by SEB, each time the Register is amended or updated, the Registrar shall send a copy of the Register to SEB who will keep an updated copy of the Register at its registered office (the "**Duplicate Register**"). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (e) *Ownership:* The Holder of any 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, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- (f) *Transfer of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) 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.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfer of Registered Notes*) 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.
- (h) *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.
- (i) *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.
- (j) *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.

#### 4. **Status of the Notes**

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

*This Condition 4(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 4(b) is applicable only in relation to Subordinated Notes issued by Intesa Sanpaolo and specified in the Final Terms as being subordinated and intended to qualify as Tier II capital ("**Subordinated Notes**").*

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

The Subordinated Notes and the relative Coupons constitute unsecured obligations of Intesa Sanpaolo and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of Intesa Sanpaolo (other than those subordinated obligations expressed by their terms to rank lower than

the Subordinated Notes) save of those preferred by mandatory and/or overriding provisions of law. 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 Subordinated Notes will be subordinated to the claims of Intesa Sanpaolo Senior Creditors (as defined below) and will rank *pari passu* with Subordinated Creditors.

"**Intesa Sanpaolo Senior Creditors**" means creditors of Intesa Sanpaolo whose claims are admitted to proof in the winding up of Intesa Sanpaolo and who are unsubordinated creditors of Intesa Sanpaolo, and "**Subordinated Creditors**" means creditors of Intesa Sanpaolo (including, without limitation, the Subordinated Noteholders, and the Subordinated Couponholders) whose claims against Intesa Sanpaolo are, or are expressed to be, subordinated in the event of the winding up of Intesa Sanpaolo in any manner to the claims of any unsecured and unsubordinated creditor of Intesa Sanpaolo, but excluding those subordinated creditors of Intesa Sanpaolo (if any) whose claims rank, or are expressed to rank, junior to the claims of the Subordinated Noteholders and Subordinated Couponholders and/or to the claims of any other creditors of Intesa Sanpaolo whose claims rank, or are expressed to rank, *pari passu* with the claims of the Subordinated Noteholders and Subordinated Couponholders or with whose claims the claims of the Subordinated Noteholders and Subordinated Couponholders rank, or are expressed to rank, *pari passu*.

(ii) ***Set-Off***

Subject to applicable law, neither any Subordinated Noteholder or Subordinated Couponholder nor the Trustee 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 Subordinated Notes or Subordinated Coupons and each Subordinated Noteholder, and Subordinated Couponholder shall, by virtue of his subscription, purchase or holding of any Subordinated Note or Subordinated Coupon, be deemed to have waived all such rights of set-off.

5. **Status of the Guarantee**

*This Condition 5 is applicable in relation to Notes if the Notes are specified in the applicable Final Terms as having the benefit of the Guarantee of the Notes and upon the entering into of a Deed of Guarantee.*

The obligations of the Guarantor under the Guarantee of the Notes (if stated as applicable in the relevant Final Terms and upon the entering into of a Deed of Guarantee) 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).

6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes (a) if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Fixed Interest Periods for which the Fixed Rate Note Provisions are stated to apply.
- (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 11 (*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 6 (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). As specified in the relevant Final Terms, interest from such Notes may accrue on a different basis from that set out in this Condition 6.

- (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 and Renminbi, the lowest amount of such currency that is available as legal tender in the country of such currency, in the case of euro, means one cent and, in the case of Renminbi, means CNY 0.01. 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.

## 7. **Floating Rate Note and Inflation Linked Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note and Inflation Linked Note Provisions*) is applicable to the Notes only if (a) the Floating Rate Note Provisions, CMS Linked Interest Notes or the Inflation Linked Note Provisions are specified in the relevant Final Terms as being applicable; and (b) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply. The applicable Final Terms contain provisions applicable to the determination of the interest and must be read in conjunction with this Condition 7 for full information on the manner in which interest is calculated.
- (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 11 (*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(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). As specified in the relevant Final Terms, interest from such Notes may accrue on a different basis from that set out in this Condition 7.
- (c) *Screen Rate Determination (other than CMS Linked Interest Notes):* 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:

- (i) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined (the "**Determined Rate**");
- (ii) if "Multiplier" is specified in the relevant Final Terms as being applicable the sum of (i) the Margin and (ii) the relevant Determined Rate multiplied by the Multiplier;
- (iii) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum of (i) the Margin, and (ii) the relevant Determined Rate multiplied by the Reference Rate Multiplier,

*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) *Floating Rate Notes which are CMS Linked Interest Notes:* Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be:

- (w) where "CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{CMS Rate} + \text{Margin}$$

- (x) where "Leveraged CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

$$\text{Leverage} \times \text{CMS Rate}$$

- (y) where "Steepener CMS Reference Rate" is specified as the Reference Rate in the applicable Final Terms, determined by the Calculation Agent by reference to the following formula:

Either:

- (a) where "Steepener CMS Reference Rate: Unleveraged" is specified in the applicable Final Terms:

$$\text{Min} [\text{max} (\text{CMS Rate 1} - \text{CMS Rate 2}) + \text{M}; \text{F}; \text{C}]$$

or:

- (b) where "Steepener CMS Reference Rate: Leveraged" is specified in the applicable Final Terms:

$$\text{Min} [\text{max} (\text{L} \times (\text{CMS Rate 1} - \text{CMS Rate 2}) + \text{M}; \text{F}; \text{C}]$$

Where:

C = Cap (if applicable)

F = Floor

L = Leverage

M= Margin

For the purposes of sub-paragraph (y):

"**CMS Rate**" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent. The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available ; and

"**Cap**", "**CMS Rate 1**", "**CMS Rate 2**", "**Floor**", "**Leverage**" and "**Margin**" shall have the meanings given to those terms in the applicable Final Terms.

- (e) *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:
- (i) if "Multiplier" is specified in the relevant Final Terms as not being applicable, the sum of the Margin and the relevant ISDA Rate;
  - (ii) if "Multiplier" is specified in the relevant Final Terms as being applicable the sum of (i) the Margin and (ii) the relevant ISDA Rate multiplied by the Multiplier;
  - (iii) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum of (i) the Margin, and (ii) the relevant ISDA Rate multiplied by the Reference Rate Multiplier,

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.
- (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) *Change of Interest Basis*. If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 6 or Condition 7, each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer and the Guarantor (where applicable), may, on one or more occasions, as specified in the applicable Final

Terms, at its option (any such option, a "**Switch Option**"), having given notice to the Noteholders in accordance with Condition 19 on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer and the Guarantor (where applicable) shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

"**Switch Option Expiry Date**" and "**Switch Option Effective Date**" shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified to the Issuer pursuant to this Condition and in accordance with Condition 19 prior to the relevant Switch Option Expiry Date.

- (h) *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 Inflation 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.
- (i) *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.
- (j) *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 19 (*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.
- (k) *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.

- (l) *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.

8. **Inflation Linked Note**

In the case of Inflation Linked Notes (unless the contrary appears within the applicable Final Terms), the following provisions of Condition 8 shall apply.

(a) **Inflation Linked Note Provisions**

(i) **Rate of Interest – Inflation Linked Notes**

The Rate of Interest payable from time to time in respect of Inflation Linked Notes, for each Interest Period, shall be determined by the Calculation Agent, or other party specified in the Final Terms, on the relevant Determination Date in accordance with the following formula:

$$\text{Rate of Interest} = [[\text{Index Factor}] * \text{YoY Inflation}] + \text{Margin}$$

subject to the Minimum Rate of Interest or the Maximum Rate of Interest if, in either case, designated as applicable in the applicable Final Terms in which case the provisions of paragraph (f) above shall apply as appropriate.

The Rate of Interest shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

**Definitions**

For the purposes of the Conditions:

"**Index Factor**" has the meaning given to it in the applicable Final Terms, provided that if Index Factor is specified as "Not Applicable", the Index Factor shall be deemed to be equal to one;

"**Inflation Index**" has the meaning given to it in the applicable Final Terms;

"**Inflation Index (t)**" means the value of the Inflation Index for the Reference Month in the calendar year in which the relevant Specified Interest Payment Date falls;

"**Inflation Index (t-1)**" means the value of the Inflation Index for the Reference Month in the calendar year preceding the calendar year in which the relevant Specified Interest Payment Date falls;

"**Margin**" has the meaning given to it in the applicable Final Terms;

"**Reference Month**" has the meaning given to it in the applicable Final Terms; and

"**YoY Inflation (t)**" means in respect of the Specified Interest Payment Date falling in month (t), the value calculated in accordance with the following formula:

(ii) **Inflation Linked Note Provisions**

Unless previously redeemed or purchased and cancelled in accordance with this Condition 8 or as specified in the applicable Final Terms and subject to this Condition 8, each Inflation Linked Note will bear interest in the manner specified in the applicable Final Terms and the Conditions.

The following provisions apply to Inflation Linked Notes:



**"Additional Disruption Event"** means any of Change of Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms, and such other events (if any) specified as an Additional Disruption Event in the applicable Final Terms.

**"Change in Law"** means that, on or after the Trade Date (as specified in the applicable Final Terms):

- (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or
- (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines in its discretion that (i) it has become illegal to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index, (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any other Hedging Party), or (iii), if the Notes are Guaranteed Notes, the performance of the Guarantor under the Guarantee has become unlawful.

**"Cut-Off Date"** means, in respect of a Determination Date, five (5) Business Days prior to any due date for payment under the Notes for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Final Terms.

**"Delayed Index Level Event"** means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the Relevant Level) in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Cut-Off Date.

**"Determination Date"** means each date specified as such in the applicable Final Terms.

**"End Date"** means each date specified as such in the applicable Final Terms.

**"Fallback Bond"** means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**"Hedging Disruption"** means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the relevant price risk of the Issuer (or the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

**"Hedging Party"** means at any relevant time, the Issuer, or any of its Affiliates or any other party providing the Issuer directly or indirectly with hedging arrangements in relation to the Notes as the Issuer may select at such time.

**"Increased Cost of Hedging"** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, price risk, foreign exchange risk and interest rate risk) of the Issuer (or, if the Notes are Guaranteed Notes, the Guarantor (as appropriate)) issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**"Inflation Index"** means each inflation index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**"Inflation Index Sponsor"** means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Final Terms.

**"Reference Month"** means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Final Terms, regardless of when this information is published or announced, except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported.

**"Related Bond"** means, in respect of an Inflation Index, the bond specified as such in the applicable Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, there will be no Related Bond.

**"Relevant Level"** has the meaning set out in the definition of "Delayed Index Level Event" above.

(iii) **Inflation Index Delay And Disruption Provisions**

(A) **Delay in Publication**

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the Substitute Index Level) shall be determined by the Calculation Agent as follows:

- (1) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond;
- (2) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

Substitute Index Level = Base Level x (Latest Level/Reference Level);  
or

- (3) otherwise in accordance with any formula specified in the relevant Final Terms,

in each case as of such Determination Date,

where:

**"Base Level"** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**"Latest Level"** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**"Reference Level"** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to Noteholders, in accordance with Condition 19 (Notices) of any Substitute Index Level calculated pursuant to Condition 8(ii)(a).

If the Relevant Level (as defined above) is published or announced at any time on or after the relevant Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 8 will be the definitive level for that Reference Month.

**(B) Cessation of Publication**

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the Successor Inflation Index) (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Linked Notes by using the following methodology:

- (1) if at any time (other than after an early redemption or cancellation event has been designated by the Calculation Agent pursuant to Condition 8(iv)(b)(v) below), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under Conditions 8(iv)(b)(22), 8(iv)(b)(iii) or 8(iv)(b)(iv) below;
- (2) if a Successor Inflation Index has not been determined pursuant to Condition 8(iv)(b)(i) above, and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Linked Notes from the date that such replacement Inflation Index comes into effect;

- (3) if a Successor Inflation Index has not been determined pursuant to Conditions 8(iv)(b)(i) or 8(iv)(b)(ii) above, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this Condition 8(iv)(b)(iii), the Calculation Agent will proceed to Condition 8(iv)(b)(iv) below;
- (4) if no replacement index or Successor Inflation Index has been determined under Conditions 8(iv)(b)(i), 8(iv)(b)(ii), 8(iv)(b)(iii) above by the next occurring Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or
- (5) if the Calculation Agent determines that there is no appropriate alternative index in relation to Inflation Linked Notes, on giving notice to Noteholders in accordance with Condition 19 (Notices), the Issuer shall redeem or cancel, as applicable all but not some only of the Inflation Linked Notes, each Inflation Linked Note being redeemed or cancelled, as applicable by payment of the relevant Early Redemption Amount. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19 (Notices).

(C) **Rebasing of the Inflation Index**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the Rebased Index) will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Final Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased.

(D) **Material Modification Prior to Last Occurring Cut-Off**

If, on or prior to the last occurring Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Final Terms, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified as applicable in the applicable Final Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

(E) **Manifest Error in Publication**

With the exception of any corrections published after the day which is three (3) Business Days prior to the relevant Maturity Date, if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Linked Notes as it determines appropriate to account for the correction and will notify the Noteholders of any such adjustments in accordance with Condition 19 (Notices).

(F) **Consequences of an Additional Disruption Event**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may at its option

- (1) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (2) redeem or cancel, as applicable, all but not some of the Inflation Linked Notes on the date notified by the Calculation Agent to Noteholders in accordance with Condition 19 (Notices) by payment of the relevant Early Redemption Amount, as at the date of redemption or cancellation, as applicable, taking into account the relevant Additional Disruption Event.

(G) **Inflation Index Disclaimer**

The Notes are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the Issuer nor, if the Notes are guaranteed Notes, the Guarantor shall have liability to the Noteholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer nor, if the Notes are Guaranteed Notes, the Guarantor nor their Affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, if the Notes are Guaranteed Notes, the Guarantor, its, or as appropriate, their Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

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. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will (subject as mentioned below with respect to the Subordinated Notes) be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*). The redemption of Subordinated Notes shall be subject to the prior approval of the Bank of Italy to redeem any such Notes, if required under the Applicable Banking Regulations, where such consent has not been granted shall not constitute a default of Intesa Sanpaolo, for any purpose. Consent to redemption is at the discretion of the Bank of Italy but will not be granted at the initiative of the Noteholder or where the solvency of Intesa Sanpaolo 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 Relevant Authority and compliance with Applicable Banking Regulations in the case of Subordinated Notes):
- (i) at any time (if neither the Floating Rate Note Provisions or the Inflation Linked 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 or the Inflation Linked 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) 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 12 (*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 Luxembourg in the case of SEB, 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 (such change or amendment being material and not reasonably foreseeable at the Issue Date in the case of Subordinated Notes) 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) 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 12 (*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 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(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 Relevant Authority and compliance with Applicable Banking Regulations, in the case of 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 10(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 10(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 10(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. The applicable Final Terms contains provisions applicable to any Put Option and must be read in conjunction with this Condition 10(e) for full information on any Put Option. In particular, the applicable Final Terms will identify the Optional Redemption Date (Put), the Optional Redemption Amount (Put) and the applicable notice periods.

If the Put Option is specified as being applicable in the applicable Final Terms, the Holder of any Note must, in accordance with Condition 19 (*Notices*), not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, 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 10(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 10(e), the depositor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.

(f) *Redemption of Subordinated Notes for regulatory reasons (Regulatory Call):* If a Regulatory Call is specified in the applicable Final Terms and if the Issuer notifies the Noteholders of the occurrence of a Regulatory Event, the Issuer may (subject to the prior approval of the Relevant Authority and compliance with Applicable Banking Regulations) redeem such Subordinated Notes, in whole but not in part, at the Early Redemption Amount specified in the applicable Final Terms, together with any accrued but unpaid interest to the date fixed for redemption, provided that (to the extent required by applicable law or regulation):

- (A) the Issuer has given not less than the minimum period nor more than the maximum period of notice to the Trustee, the Agent and the Noteholders of such Subordinated Notes (such notice being irrevocable) specifying the date fixed for such redemption; and

- (B) the circumstance that entitles the Issuer to exercise this right of redemption of the relevant Subordinated Notes was not reasonably foreseeable at the relevant Issue Date.

**"Regulatory Event"** means where the Issuer determines (subject to the approval of the Relevant Authority and to the satisfaction of the Relevant Authority that the conditions for the exercise of the Regulatory Call are met) that as a result of a change in Italian law or Applicable Banking Regulations or any change in the official application or interpretation thereof, such Subordinated Notes are fully excluded from Tier 2 Capital (other than as a result of any applicable limitation on the amount of such capital).

Upon the expiry of such notice period, the Issuer shall be bound to redeem the Subordinated Notes accordingly.

**"Applicable Banking Regulations"** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Italy including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer) or of the European Parliament and Council.

**"Relevant Authority"** means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer.

**"Tier 2 Capital"** has the meaning given to it from time to time in the Applicable Banking Regulations.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.
- (h) *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 10(h) 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).

- (i) *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 consent of the Bank of Italy and compliance with Applicable Banking Regulations.
- (j) *Cancellation:* All Notes so redeemed by the Issuers 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.
- (k) *Redemption Amount:* For the avoidance of doubt, in no event will the Redemption Amount of any Notes issued by Intesa Sanpaolo be lower than the principal amount of the Notes.

## 11. **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 (i) in the case of a currency other than Renminbi, 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, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency 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 11(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 (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. 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 Inflation Linked Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 13 (*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 11(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 14 (*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

- (k) *Principal:* Payments of principal shall be made (i) in the case of a currency other than Renminbi, 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 (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (l) *Interest:* Payments of interest shall be made (i) in the case of a currency other than Renminbi, 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 (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that 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 Certificates at the Specified Office of any Paying Agent.
- (m) *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 12 (*Taxation*). No commissions or expenses shall be charged to the Registered Holders in respect of such payments.
- (n) *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 Payment Business Day, for value the next succeeding Payment 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.
- (o) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the relevant Issuer, failing which the Guarantor, shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

- (p) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

The following Condition 11(q) shall apply to all Renminbi Notes in addition to the provisions governing payments under Bearer Notes and Registered Notes above:

- (q) *Inconvertibility, Non-transferability or Illiquidity:* Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the relevant Issuer or the Guarantor, as the case may be, is not able, or it would be impracticable for any of them, to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes when due in Renminbi in the Principal Financial Centre of that currency, the relevant Issuer or the Guarantor, as the case may be, on giving not less than five nor more than 30 days' irrevocable notice to the Principal Paying Agent and Noteholders in accordance with Condition 19 (*Notices*) prior to the due date for payment, shall be entitled to satisfy their respective obligations in respect of such payment by making such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi-denominated amount.

In such event, payment of the U.S. Dollar Equivalent of the relevant principal or interest amount in respect of the Renminbi Notes will be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the Holder (or to the first named of joint holders) of the Renminbi Notes at its address appearing in the Register, or, upon application by the Holder of the Renminbi Notes to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account maintained by the payee with, a bank in New York City.

For the purposes of this Condition 11(q):

**"Determination Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Principal Financial Centre of Renminbi, London and in New York City;

**"Determination Date"** means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Principal Financial Centre of Renminbi;

**"Illiquidity"** means the general Renminbi exchange market in the Principal Financial Centre of Renminbi becomes illiquid as a result of which the relevant Issuer or the Guarantor, as the case may be, cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Renminbi Notes as determined by the relevant Issuer or, as the case may be, the Guarantor in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the relevant Issuer or the Guarantor, as the case may be, to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in the Principal Financial Centre of Renminbi, other than where such impossibility is due solely to the failure of the relevant Issuer or the Guarantor, as the case may be, to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation becomes effective on or after the Issue Date of the Renminbi Notes and it is impossible for the relevant Issuer or the Guarantor, as the case may be, due to an event beyond its control, to comply with such law, rule or regulation);

**"Non-transferability"** means the occurrence of any event that makes it impossible for the relevant Issuer or the Guarantor, as the case may be, to transfer Renminbi between accounts inside the Principal Financial Centre of Renminbi, from an account outside the Principal Financial Centre of Renminbi to an account inside the Principal Financial Centre of Renminbi or from an account inside the Principal Financial Centre of Renminbi to an account outside the Principal Financial Centre of Renminbi, other than where such impossibility is due solely to the

failure of the relevant Issuer or the Guarantor, as the case may be, to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation becomes effective on or after the Issue Date of the Renminbi Notes and it is impossible for the relevant Issuer or the Guarantor, as the case may be, due to an event beyond its control, to comply with such law, rule or regulation);

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the Principal Financial Centre of Renminbi;

**"Spot Rate"** means the spot U.S. dollar/Renminbi exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in the Principal Financial Centre of Renminbi, as determined by the Renminbi Calculation Agent in good faith and in a commercially reasonable manner at or around 11.00 a.m. (time in the Principal Financial Centre of Renminbi) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Renminbi Calculation Agent in good faith and in a commercially reasonable manner will determine the Spot Rate at or around 11:00 a.m. (time in the Principal Financial Centre of Renminbi) on the Determination Date as the most recently available U.S. dollar/Renminbi official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; and

**"U.S. Dollar Equivalent"** means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date promptly notified to the relevant Issuer and the Paying Agents.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 11(q) by the Renminbi Calculation Agent, will (in the absence of wilful default, fraud or gross negligence) be binding on the relevant Issuer, the Guarantor, the Trustee, the Paying Agents and all Holders of the Renminbi Notes.

- (d) *Payments in Renminbi:* Notwithstanding the foregoing, any payments in respect of the Notes to be made in Renminbi will be made in accordance with all applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong) by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong.

## 12. **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, Ireland (where the Issuer is INSPIRE) or Luxembourg (where the Issuer is SEB), 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 (in respect of Notes issued by SEB) Luxembourg; 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 or (in respect of Notes issued by SEB) Luxembourg 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 country which does not allow for a satisfactory exchange of information with the Republic of Italy; or
  - (F) 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 or to a residual entity (within the meaning of the EU Savings Tax Directive) 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 the agreements concluded by Luxembourg with several dependant or associated territories in this context; 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 payments made by the Issuer or (if applicable) the Guarantor become subject to withholding tax as a result of the Issuer or Guarantor becoming resident, whether for tax purposes or otherwise, in any taxing jurisdiction other than the Republic of Italy, Ireland or Luxembourg as applicable, references in these Conditions to the Republic of Italy, Ireland or Luxembourg shall be construed as references to such other jurisdiction instead of the Republic of Italy, Ireland or Luxembourg. For the avoidance of doubt, the relevant Issuer or (if applicable) the Guarantor will have no obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 if withholding is imposed under those rules as a result of the failure by any person other than the relevant Issuer or (if applicable) the Guarantor or any of their agents to establish that they are able to receive payments free of such withholding.

### 13. **Events of Default**

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

*This Condition 13(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 and/or secured and/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, INSPIRE or SEB) 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:
    - (1) any arrangement with its creditors generally or any class of creditors; or
    - (2) 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 13(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 as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or in relation to the Notes *provided that* the Issuer shall not by virtue of the institution of any such proceedings, other than proceedings for the bankruptcy, dissolution, liquidation, or winding-up, or for an order for *Liquidazione Coatta Amministrativa* of Intesa Sanpaolo in the Republic of Italy, 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 and/or secured and/or prefunded 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 and/or prefunded and/or provided with security to its satisfaction), shall give written notice to

the Issuer 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**"): in the event of the bankruptcy, dissolution, liquidation or winding-up of the Issuer or if the Issuer 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 other than (i) as provided by this Condition 13(b) or (ii) the instituting of proceedings for the bankruptcy, dissolution, liquidation or winding-up of the Issuer or for an order for *Liquidazione Coatta Amministrativa* in respect of the Issuer 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 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 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.

14. **Prescription**

Claims against each Issuer or the Guarantor (where applicable) 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.

15. **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.

16. **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 and/or secured and/or prefunded 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 19 (*Notices*).

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

- (a) 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.
- (b) 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.
- (c) 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:
  - (i) to the substitution in place of INSPIRE or SEB (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
  - (ii) to an Approved Reorganisation; or
  - (iii) that INSPIRE or SEB (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 and/or SEB 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 and/or SEB 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, SEB 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 19 (*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 Prospectus in respect of the Programme.

- (d) 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):
  - (i) 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
  - (ii) 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 12 (*Taxation*) or by any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.
- (e) 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.

## 18. **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 other than the Issue Date, Issue Price and/or Interest Commencement Date and/or the first payment of interest) so as to form a single series with the Notes.

## 19. **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 the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (*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 the *Luxemburger Wort*) or, in the case of the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (*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.

#### 20. **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.

#### 21. **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.

#### 22. **Governing Law and Jurisdiction**

- (a) The Trust Deed and the rights and obligations in respect of the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with each of the foregoing, are governed by, and shall be construed in accordance with, English law, save that the subordination provisions applicable to the Subordinated Notes described in Conditions 4 (*Status of the Notes*) and Clauses 4 (*The Notes; Subordinated Notes*) and any non-contractual obligations arising out of or in connection with such provisions, shall be governed by the laws of the Republic of Italy. For the avoidance of doubt, Articles 86 to 94-8 of the Luxembourg law on commercial companies dated 10th August, 1915, as amended shall not apply to the Notes or the holders of the Notes issued by SEB.
- (b) In the Trust Deed, each of Intesa Sanpaolo, INSPIRE and SEB 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 (including any non-contractual obligations arising out of or in connection with the foregoing) (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, INSPIRE and SEB 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, INSPIRE and SEB has agreed that the documents which start any Proceedings or any other documents required to be served in relation to those Proceedings 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 INSPIRE and SEB's behalf or is not or ceases to be registered in England, Intesa Sanpaolo, INSPIRE and SEB 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 their 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, INSPIRE and SEB 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.

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any Tranche of Notes represented by a Bearer Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Bearer Global Note which, for so long as the Bearer Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Registered Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Registered Global Note is for the time being registered in the Register which, for so long as the Registered Global Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Bearer Global Note or a Registered Global Note (each an "Accountholder") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the relevant Issuer or the Guarantor (where applicable) to the holder of such Bearer Global Note or Registered Global Note and in relation to all other rights arising under such Bearer Global Note or Registered Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Bearer Global Note or Registered Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Bearer Global Note or Registered Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the relevant Issuer and the Guarantor (where applicable) will be discharged by payment to the holder of such Bearer Global Note or Registered Global Note.

### Conditions applicable to Global Notes

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

*Payments:* All payments in respect of the Bearer Global Note or Registered Global Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Bearer Global Note or Registered Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Bearer Global Note, the 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.

*Payment Business Day:* In the case of a Bearer Global Note, or a Registered Global Note, a "Payment Business Day" shall be, if the currency of payment is euro, any day which is 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, if the currency of payment is not euro, any day which is 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.

*Payment Record Date:* Each payment in respect of a Registered Global Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where "Clearing System Business Day" means a day on which each clearing system for which the Registered Global Note is being held is open for business.

*Exercise of put option:* In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Registered 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 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Registered Global Note may be redeemed in part in the principal amount specified by the 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 the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Registered Global Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Registered Global Note is, deposited with a depositary or a common depositary 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 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, 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./  
Société Européenne de Banque S.A.]**

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

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

**under the €70,000,000,000  
Euro 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 6 November, 2013 [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), as amended (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EU, the "**2010 PD Amending Directive**", to the extent such amendments have been implemented in a relevant Member State. 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]/[19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours of any weekday (Saturdays and bank holidays excepted) and free of charge. 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](http://www.bourse.lu)).]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under the 2012 Base Prospectus.*

[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 30th October, 2012. 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), as amended (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EU, the "**2010 PD Amending Directive**", to the extent such amendments have been implemented in a relevant Member State and must be read in conjunction with the Prospectus dated 6 November, 2013 [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 30th October, 2012 and 6 November, 2013 [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]/[19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, and of the Guarantor at] Piazza San Carlo 156, 10121 Turin, Italy and from Société Européenne de Banque S.A. at 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg, during usual business hours of any weekday (Saturdays and bank holidays excepted) and free of charge. 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](http://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, 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) Series Number: [ ]  
(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).*  
[(iii) Date on which the Notes become fungible] The Notes will be consolidated and form a single Series with (*identify earlier Tranches*) on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below, which is expected to occur on or about [date]]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount:  
(i) Series: [ ]  
(ii) Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ] (*insert date, in case of fungible issues*)
5. [(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 [26] (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 [27] (Form of Notes) does so specify, Notes may be issued in denominations of €100,000 and higher integral multiples of €1,000 up to a maximum of €199,000, as applicable. In such circumstances, insert the wording below)*  
[(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.)*

6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date (if [ ]/[Issue Date]/[Not Applicable]  
different from the Issue Date):
7. Maturity Date: [ ] (*specify date or (for Floating Rate Notes)  
Interest Payment Date falling in the relevant  
month and year*)
- (N.B. For Renminbi Notes subject to the Fixed  
Rate Note Provisions where the Interest  
Payment Dates are subject to modification it  
will be necessary to specify the Interest Payment  
Date falling in or nearest to the relevant month  
and year.)*
8. Interest Basis: [% Fixed Rate]
- [ ](*specify reference rate*) +/- [ ]% Floating  
Rate]
- [Zero Coupon]
- [Inflation Linked]
- [Floating Rate: CMS Linked Interest]
- [Fixed-Floating Rate]
- [Floating-Fixed Rate]
- (further particulars specified below)
9. Redemption/Payment Basis: [Redemption at par]
- [Inflation Linked]
10. Change of Interest or Redemption/Payment Basis: (*Specify the date when any fixed or floating rate  
change occurs or cross refer to paragraphs 13  
and 14 below and identify there*) [ ]/[Not  
Applicable]
- [(further particulars specified in paragraph 19  
below)]
11. Put/Call Options: [Put Option]
- [Call Option]
- [Regulatory Call]
- [(further particulars specified below)]
12. (i) Status of the Notes: [Senior/Subordinated]
- [(ii) Status of the Guarantee: [Applicable/Not Applicable]]<sup>1</sup>
- Senior
- [(iii) Date of Deed of Guarantee: [ ]]

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<sup>1</sup> N.B. – This will always be applicable if Notes are issued by Intesa Sanpaolo Bank Ireland p.l.c. /  
Société Européenne de Banque S.A.

*(N.B. For a guaranteed issuance, a separate Deed of Guarantee has to be entered into upon each issuance of Notes – see form of Deed of Guarantee in the Trust Deed)*

*(N.B. If the issue is a fungible issue state that the issue will be covered by a Deed of Guarantee entered into on [date] in relation to the first issue of the Series)*

- (iv) [Date [Board] approval for issuance of [ ] [and [ ], respectively]]  
Notes [and Guarantee] obtained:

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee of the Notes)*

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

#### **13. 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 up to and including the Maturity Date [adjusted in accordance with (specify Business Day Convention<sup>2</sup> and any applicable Additional Business Centre(s) for the definition of "Business Day")/[not adjusted]

*(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]/*(insert the following alternative wording if Notes are issued in Renminbi)*[Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.05 being rounded upwards.]

- (iv) Day Count Fraction: [30/360] / [Actual/Actual (ICMA/ISDA)] / *(Insert for Renminbi denominated Fixed Rate Notes)* [Actual/365 (Fixed)]

- (v) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date [in/on] [ ]

#### **14. 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)*

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<sup>2</sup> Modified Following Business Day Convention is applicable for Renminbi denominated fixed rate Notes.

- (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]
- (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 Conditions 11(g) and (n) (Payments on business days) and the defined term "Payment Business Day".*
- (iv) Additional Business Centre(s): [Not Applicable/[●]]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (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)] [Not Applicable]
- (vii) Screen Rate Determination:
- Reference Rate: *(For example, LIBOR or EURIBOR)/[CMS Reference Rate/Leveraged CMS Reference Rate/Steepener CMS Reference Rate: [Unleveraged/Leveraged]/Call CMS Reference Rate]*  
Reference Currency: [ ]  
Designated Maturity: [ ]/[The CMS Rate having a Designated Maturity of [ ] shall be "CMS Rate 1" and the CMS Rate having a Designated Maturity of [ ] shall be "CMS Rate 2"]  
*(Where more than one CMS Rate, specify the Designated Maturity for each relevant CMS Rate)*
  - Relevant Screen Page: *(For example, Reuters EURIBOR 01)*  
*(In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*
  - Interest Determination Date(s): [ ]  
*(In the case of a CMS Rate where the Reference Currency is euro): [Second day on which the TARGET2 system is open prior to the start of each interest Period]*  
*(In the case of a CMS Rate where the Reference Currency is other than euro): [Second (specify type of day) prior to the start of each Interest*

	Period]
• Relevant Time:	<i>(For example, 11.00 a.m. London time/Brussels time)</i>
• Relevant Financial Centre:	<i>(For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro))</i>
CMS Rate definitions:	[Cap means [ ] per cent. per annum]
	[Floor means [ ] per cent. per annum]
	[Leverage means [ ] per cent.]
(viii) ISDA Determination:	
• Floating Rate Option:	[ ]
• Designated Maturity:	[ ]
• Reset Date:	[ ]
	<i>(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of a CMS Linked Interest Note, if based on euro then the first day of each Interest Period and if otherwise to be checked)</i>
(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) Multiplier:	[ ] / [Not Applicable]
(xiii) Reference Rate Multiplier:	[ ] / [Not Applicable]
(xiv) Day Count Fraction:	[Actual/Actual (ICMA)]
	[Actual/Actual (ISDA)]
	[Actual/365 (Fixed)]
	[Actual/365 (Sterling)]
	[Actual/360]
	[30/360]
	[30E/360]
<b>15. Fixed-Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
	[[ ] per cent. Fixed Rate in respect of the Fixed Interest Period(s) ending on (but excluding) [ ], then calculated in accordance with paragraph 14 above.]
<b>16. Floating-Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]
	[( <i>Floating Rate</i> )] in respect of the Interest Period(s) ending on (but excluding) [ ], then calculated in accordance with paragraph 13 above.]

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: of *(Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(i) (Early redemption of Zero Coupon Notes))*
18. **Inflation Linked Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Inflation Index: [[•]]
- (give or annex details of index/indices)*
- (ii) Index Sponsor [ ] *(Specify the relevant Index Sponsor)*
- (iii) Index Factor [ ] *(Specify the relevant Index Factor)* [Not Applicable]
- (iv) 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)*
- (v) Determination Date(s): [ ]
- (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]
- (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 11(g) and (n)(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) Margin [ ] *(insert Margin)* per cent. per annum] [Not Applicable]
- (xiii) Day Count Fraction: [ ]

- (xiv) Commencement Date of the Index: [ ] *(indicate the relevant commencement month of the retail price index)*
- (xv) Reference Month: [ ]
- (xvi) Reference Bond: [ ]
- (xvii) Related Bond: [Applicable/Not Applicable]  
The Related Bond is: [ ] [Fallback Bond]  
The issuer of the Related Bond is: [ ]
- (xviii) Fallback Bond: [Applicable]/[Not Applicable]
- (xix) Cut-Off Date: [As per Conditions]/*[specify other]*
- (xx) End Date: [ ]  
(This is necessary whenever Fallback Bond is applicable)
- (xxi) Additional Distribution Events: [As per Conditions]/*[specify]*
- (xxii) Trade Date: [ ]
19. Change of Interest Basis Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*(N.B. To be completed in addition to paragraphs 13 and 14 (as appropriate) if any fixed to floating or fixed reset rate change occurs)*
- (i) Switch Options: [Applicable – *[specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]*]/[Not Applicable]  
*(N.B. The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 19 on or prior to the relevant Switch Option Expiry Date)*
- (ii) Switch Option Expiry Date: [ ]
- (iii) Switch Option Effective Date: [ ]
- [20. *(only to be included if Notes are issued in Renminbi)* Party responsible for calculating the amount the Spot Rate pursuant to the Illiquidity, Inconvertibility or Non-transferability of Notes issued in Renminbi] [ ] shall be the Renminbi Calculation Agent]

## PROVISIONS RELATING TO REDEMPTION

21. **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) [ ] per Calculation Amount and method, if any, of calculation of

such amount(s):

- (iii) If redeemable in part:
- (a) Minimum Redemption [ ] per Calculation Amount  
Amount:
- (b) Maximum Redemption [ ] per Calculation Amount  
Amount:
- (iv) Notice period: [ ]

*(N.B. When setting notice periods, 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. **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): [ ] per Calculation Amount
- (iii) Notice period: Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.)*

23. **Regulatory Call**

[Applicable]/[Not Applicable]

24. **Final Redemption Amount**

[[ ] per Calculation Amount]/[Inflation Linked Note] *(for Inflation Linked Notes, see Condition 8 (a) (Inflation Linked Note Provisions))*

25. **Early Redemption Amount**

- (i) Early Redemption Amount(s) payable on redemption for taxation or regulatory reasons, or on event of default: [Not Applicable] / [[ ] per Calculation Amount]/[As per Condition 10(b)]

*[See also paragraph 23 (Regulatory Call)]  
(Delete this cross-reference unless the Notes are Subordinated Notes and the Regulatory Call is applicable)*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

26. **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]**

[Registered Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

*(In relation to any issue of Notes which are "exchangeable to Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Note", such Notes may only be issued in denominations equal to or greater than, €100,000 or, at the option of the Issuer.)*

26. New Global Note Form: [Yes/No]
27. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [[●]/Not Applicable]
28. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

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 Notes are already admitted to trading.)*

- (iii) Estimate of total expenses related to admission for trading [ ]

## 2. RATINGS

Ratings: The Notes to be issued [[have been]/[are expected]] to be rated:

[S & P's: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[DBRS: [ ]]

*(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.)*

*(Insert legal name of particular credit rating agency entity providing rating) is established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended by Regulation (EC) No 513/2011) (the "**CRA Regulation**").*

## 3. 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.)*

## 4. 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>3</sup>

[5. **[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.]

[6. **[Floating Rate Notes and CMS Index Linked Interest Notes only] HISTORIC INTEREST RATES**

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

[7.] **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of Euroclear Bank S.A./N.V. and/or Clearstream Banking, société anonyme (the "ICSDs") 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 the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition

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<sup>3</sup> Only required if the Notes are derivative securities to which Annex XII to the Prospectus Directive Regulation applies. If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.

will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

*(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

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

Deemed delivery of clearing system notices for the purposes of Condition 19: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

[8.] **DISTRIBUTION**

(i) Method of distribution: [Syndicated/[Non-syndicated]

(ii) If syndicated:

(A) Names of Managers [Not Applicable/(give names and addresses)]

(B) Date of Subscription Agreement [Not Applicable/(give names and addresses)]

(C) Stabilising Manager(s) (if any): [Not Applicable/(give name and addresses)]

(iii) If non-syndicated, name and address of Dealer: [Not Applicable/(give names and addresses)]

(iv) U.S. Selling Restrictions: Reg. S compliance category:

[TEFRA D]

[TEFRA C]

[TEFRA not applicable]

*(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.)*

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

### History and organisation of the Group

#### Intesa Sanpaolo Origins

Intesa Sanpaolo is the result of the merger by incorporation of Sanpaolo IMI S.p.A. with and into Banca Intesa S.p.A. (effective 1st January, 2007).

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

Banca Intesa S.p.A. was originally established in 1925 under the name of La Centrale and invested in the business of the production and distribution of electricity. After the nationalisation of companies in this sector in the early 1960s the company changed its name to La Centrale Finanziaria Generale, acquiring equity investments in various companies in the banking, insurance and publishing sector. The company merged by incorporation with Nuovo Banco Ambrosiano in 1985 and assumed its name and constitutional objects. Following the acquisition of Cassa di Risparmio delle Provincie Lombarde S.p.A. ("**Cariplo**") in January 1998, the Intesa Sanpaolo Group's name was changed to Gruppo Banca Intesa. Then, in 2001, Banca Commerciale Italiana S.p.A. was merged into the Gruppo Banca Intesa and the group's name was changed to "Banca Intesa Banca Commerciale Italiana S.p.A." On 1st January, 2003 the corporate name was changed to "Banca Intesa S.p.A."

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

Sanpaolo IMI S.p.A. ("**Sanpaolo IMI**") was formed in 1998 through the merger of Istituto Mobiliare Italiano S.p.A. ("**IMI**") with and into Istituto Bancario San Paolo di Torino S.p.A. ("**Sanpaolo**").

Sanpaolo originated from the "Compagnia di San Paolo" brotherhood, which was set up in 1563 to help the needy. The "Compagnia di San Paolo" began undertaking credit activities and progressively developed into a banking institution during the nineteenth century, becoming a public law credit institution (Istituto di Credito di Diritto Pubblico) in 1932. Between 1960 and 1990, Sanpaolo expanded its network nationwide through a number of acquisitions of local banks and medium-sized regional banks, ultimately reaching the level of a multifunctional group of national importance in 1991 after its acquisition of Crediop. On 31st December, 1991, Sanpaolo became a stock corporation (società per azioni) with the name Istituto Bancario San Paolo di Torino Società per Azioni.

IMI was established as a public law entity in 1931 and during the 1980s it developed its specialist credit and investment banking services and, with Banca Fideuram, its professional asset management and financial consultancy services. IMI became a stock corporation (società per azioni) in 1991.

#### The merger between Banca Intesa and Sanpaolo IMI and the creation of Intesa Sanpaolo S.p.A.

The boards of directors of Banca Intesa and Sanpaolo IMI unanimously approved the merger of Sanpaolo IMI into Banca Intesa on 12th October, 2006 and the merger became effective on 1st January, 2007. The surviving entity changed its name to Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo Group.

#### Legal Status

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**

As at 30th June, 2013, Intesa Sanpaolo's issued and paid-up share capital amounted to €8,545,681,412.32, divided into 16,434,002,716 shares with a nominal value of €0.52 each, in turn comprising 15,501,512,155 ordinary shares and 932,490,561 non-convertible savings shares. Since 30th June, 2013, there has been no change to Intesa Sanpaolo's share capital.

## Organisational Structure



Banca IMI

IMI Investimenti

Intesa Sanpaolo Bank Ireland

Société Européenne de Banque

Intesa Sanpaolo

Banca CR Firenze

Banca dell'Adriatico

Banca di Credito Sardo

Banca di Trento e Bolzano

Banca Monte Parma

Banco di Napoli

Cassa dei Risparmi di Forlì e della Romagna

Cassa di Risparmio del Friuli Venezia Giulia

Cassa di Risparmio del Veneto

Cassa di Risparmio di Venezia

Cassa di Risparmio in Bologna

Banca Prossima

Intesa Sanpaolo Assicura

Intesa Sanpaolo Personal Finance

Intesa Sanpaolo Previdenza

Intesa Sanpaolo Private Banking

Intesa Sanpaolo Vita

Leasint

Mediocredito Italiano

Mediofactoring

Setefi

Sirefid

Banca Intesa

Banca Intesa Beograd

Bank of Alexandria

Banka Koper

CIB Bank

Intesa Sanpaolo Bank Albania

Intesa Sanpaolo Bank Romania

Intesa Sanpaolo Banka Bosna i Hercegovina

Pravex-Bank

Privredna Banka Zagreb

VUB Banka

Banca Fideuram

Eurizon Capital

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

The Intesa Sanpaolo Group operates through five business units:

- **Banca dei Territori** – this division includes Italian subsidiary banks. It is based on a model that supports and enhances regional brands, upgrades local commercial positioning and strengthens relations with individuals, small businesses, small and medium enterprises, mid corporates and non-profit entities. Private banking, bancassurance, leasing, factoring and industrial credit are also part of this division.
- **Corporate and Investment Banking** – this division supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions both nationally and internationally. The division acts as a "global partner", with an in-depth knowledge of corporate strategies and a complete range of services. Its main activities include M&A, structured finance and capital markets carried out through Banca IMI as well as merchant banking. The division is present in 30 countries where it facilitates the cross-border activities of its customers through a specialist network made up of branches, representative offices and subsidiary banks focused on corporate banking. The division operates in the public finance sector as a global partner for public administration, public utilities and the execution of infrastructure.
- **International Subsidiary Banks** – this division includes the following retail and commercial subsidiaries: Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Privredna Banka Zagreb in Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa in the Russian Federation, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Banca Koper in Slovenia and Pravex-Bank in Ukraine.
- **Eurizon Capital** – this company is the leading asset manager in Italy with approximately 152 billion euros of assets under management (data as of 30th June, 2013).
- **Banca Fideuram** – this company is the leader in Italy in the sector of financial advisors with 5,097 private bankers and 97 domestic branches.

### **Intesa Sanpaolo in the last two years**

Below is a summary of the transactions carried out by the Intesa Sanpaolo Group during 2012 and the first six months of 2013 which, where necessary, have been reported in specific market disclosure documents.

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

The above transaction was followed, in the month of July 2012, by a purchase offer addressed to the holders of specific subordinated and senior notes issued or guaranteed by Intesa Sanpaolo. This enabled the Intesa Sanpaolo Group to optimise the structure of its regulatory capital by increasing its Core Tier 1 Capital, as a result of the capital gain arising from the purchase of the notes tendered at prices below par and, at the same time, gave holders the possibility of disposing of their investment at prices higher than the market prices recorded during the period prior to announcement of the invitation. The transaction was settled on 2nd August, 2012 for a total of 1,148 million euros in subordinated notes (corresponding to a total purchase price of approximately 1 billion euros) and 507 million euros in senior notes

(corresponding to a total purchase price of approximately 500 million euros). Subsequent to this second transaction, the net income of the Intesa Sanpaolo Group recorded a gain, inclusive of the positive impact of the unwinding of interest rate derivatives, of 327 million euros (219 million euros net of taxes).

In November 2012, the exchange of the Intesa Sanpaolo Group's own outstanding subordinated Lower Tier II notes with newly issued senior notes was finalised. The transaction was settled at a total nominal value accepted for exchange equal to about 2,168 million euros. The newly issued note is a senior bond with a maturity date of 9th November, 2017, which pays interest at a fixed rate of 4% per year. As a result of the finalisation of this exchange, the Intesa Sanpaolo Group's consolidated income statement for 2012 recorded a gain, inclusive of the positive impact of the unwinding of interest rate derivatives, of 110 million euros (74 million euros net of taxes).

At the beginning of July 2013, Intesa Sanpaolo S.p.A. announced an invitation to the holders of certain senior notes, issued by Intesa Sanpaolo, to purchase the notes they held. The transaction allowed optimisation of Intesa Sanpaolo's liabilities profile, reducing excess amounts and modifying the related timing distribution. Compared to the offer of 2,247 million euro, the final notes acceptance total, in accordance with the established priority criterion, was approximately 1,493 million euros, corresponding to a total purchase amount of 1,510 million euros. As a consequence of the buyback finalisation, in the third quarter of 2013 the Intesa Sanpaolo Group recorded a positive contribution, including the positive impact of the unwinding of interest rate derivatives, of approximately 113 million euros to its pre-tax income and of approximately 76 million euros to its net income.

Finally at the end of August 2013, Intesa Sanpaolo S.p.A. announced an invitation to the holders of certain subordinated notes to exchange their notes the ("**Existing Notes**") for a new Euro denominated Tier 2 Subordinated Notes due 13th September, 2023 (the "**New Notes**"). The transaction was aimed at allowing Intesa Sanpaolo to optimise the composition of its regulatory capital. In fact, pursuant to legal framework set out in new Regulation (EU) no. 575/2013 (the Capital Requirements Regulation or CRR), applicable as of 1st January, 2014, the Existing Notes will be gradually derecognised from the regulatory capital of Intesa Sanpaolo, while the New Notes will be fully recognised as Tier 2 capital. As a consequence of finalising the exchange, the Intesa Sanpaolo Group registered a positive contribution, including the positive impact of the unwinding of interest rate derivatives, of approximately 92 million euros to its pre-tax income and of approximately 62 million euros to its net income.

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

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

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

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



At the beginning of July 2012, Intesa Sanpaolo's Management Board decided to proceed with the full demerger of Banca Infrastrutture Innovazione e Sviluppo ("**BIIS**") in favour of Intesa Sanpaolo (credit, commercial and advisory services) and Leasint (leasing activities previously carried out by BIIS in favour of Public Administration). More specifically, BIIS' Client Relationships Department was integrated into the Corporate and Investment Banking Division (CIB Division) through creation of the Public Finance Department and it continues to provide financing to infrastructure projects and to the public sector. This decision follows the placement of BIIS under the CIB division, aiming to pool their respective skills and hence achieve rationalisation and simplification in line with the changing economic scenarios. This transaction, which has had no impact at the audited consolidated annual financial statement level and which was neutral from a tax viewpoint, was completed on 1st December, 2012, with retroactive accounting and tax effects as at 1st January, 2012.

Intesa Sanpaolo and the trade unions had signed an agreement on 29th July, 2011 to implement the Intesa Sanpaolo Group's reorganisation as envisaged by the Business Plan 2011 – 2013/15 and the consequent downsizing of staff by at least 3,000. On expiry of the relative terms, approximately 5,000 people had accepted the agreement. However, the reform of the pension system introduced by Law Decree 201 of 2011, converted into Law 214 of 2011, significantly modified the regulatory framework. To meet the costs of the staff downsizing plan, a total allocation of approximately 700 million euros had already been included in the 2011 audited consolidated annual financial statements, discounted and before taxes.

The Ministerial Decree of June 2012 established the number of protected individuals, a number that was increased by subsequent regulatory measures. A new Intesa Sanpaolo Group trade union agreement was stipulated in July 2012 ("assessment report" on the prior agreement of July 2011), confirming the decision to allow individuals requesting to leave employment to do so, through use of the 'Solidarity Allowance', in cases permitted by the relevant regulations, or recourse to rehiring or continuation in employment until the sixtieth month prior to reaching pension entitlements or via other methods to be identified.

In substance, this agreement confirmed the exit of approximately 5,000 employees envisaged by the previous agreement of July 2011 with different timing and methods, and, in actual fact placed higher costs on the Intesa Sanpaolo Group companies, arising from the longer stay of the early retirees in the Fund. Indeed, as stated by the Italian Social Security Agency – INPS in its Circular of December 2012, the Decree of the Ministry of Labour of 1st June, 2012 provided at the same time that workers who under collective agreements signed by 4th December, 2011 were entitled to access solidarity Funds and reach pension entitlement after 31st December, 2011, remain covered by the solidarity Funds at least up to their 62nd birthday, even if they reach before such age the pension entitlements under the rules existing prior to the entry into force of Law Decree 201/11. To meet this requirement, the Funds' management committees can resolve extension of the issue of the extraordinary benefit also beyond the time limit for the worker's permanence in the Fund under the applicable sectoral regulations. However, the costs of such extension are to be borne by the companies which signed the early retirement agreements.

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

At the beginning of October 2012, the European Banking Authority (EBA) and the Bank of Italy announced the final assessment of the capital exercise in terms of capital and fulfilment of the EBA recommendation issued in December 2011, regarding the figures as at 30th June, 2012. Intesa Sanpaolo recorded a Core Tier 1 capital ratio of 10.1%, including the sovereign buffer as stated in the EBA recommendation of December 2011, surpassing the minimum established requirement of 9%.

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

At the end of October 2012, the Extraordinary Shareholders' Meeting of Intesa Sanpaolo approved several changes to the Articles of Association.

The key changes concerned the structure of the Management Board, implementation of the regulatory provisions regarding gender balance in the administration and control bodies of listed companies, and the legal prohibition of taking on or holding posts in competing companies or groups of companies (interlocking prohibition).

### **Sovereign risk exposure**

As at 30th June, 2013 the Intesa Sanpaolo Group's sovereign debt exposure was represented by debt securities for 114 billion euros (of which 37 billion euros in securities held in Intesa Sanpaolo Group insurance companies' portfolios) and by other loans for 25 billion euros.

Among these, the exposure to Italian government securities totalled approximately 100 billion euros (of which 35 billion euros in securities held in Intesa Sanpaolo Group insurance companies' portfolios), in addition to 22 billion euros represented by loans. The securities exposure figure increased by approximately 10 billion euros compared to that recorded as at 31st December, 2012.

### **Management**

#### ***Supervisory Board***

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

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>
Giovanni Bazoli	Chairman	Deputy Chairman of La Scuola S.p.A.
Mario Bertolissi	Deputy chairman	Director of Equitalia S.p.A.
Gianfranco Carbonato	Deputy chairman	Chairman and Managing Director of Prima Industrie S.p.A. Chairman of Finn-Power OY (Finland) Chairman of Prima Electro S.p.A. Chairman of Prima Power North America Inc. Director of Prima Power China Co. Ltd. Director of Iren S.p.A.
Gianluigi Baccolini	Member	Managing Director of Renografica S.r.l. Chairman of Società Produttori Sementi S.p.A. Managing Director of Velincart S.r.l. Director of My Frances S.r.l. Director of Finreno S.r.l.  Chairman of Oner d.o.o. (Serbia)
Francesco Bianchi	Member	Managing Director of H7 S.p.A. Director of H7+ S.r.l.
Rosalba Casiraghi	Member	Chairman of the Board of Statutory Auditors of Non

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>
		<p>Performing Loans S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Nuovo Trasporto Viaggiatori S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Telecom Italia Media S.p.A.</p> <p>Director of Luisa Spagnoli S.p.A.</p> <p>Director of Spa.Im S.r.l.</p> <p>Director of Spa.Pi S.r.l.</p> <p>Director of Spa.Ma S.r.l.</p> <p>Director of NH Hoteles S.A.</p> <p>Managing Director of Costruzione Gestione Progettazione - Co.Ge.Pro S.p.A.</p>
Carlo Corradini	Member	<p>Sole Director of Corradini &amp; C. S.r.l.</p> <p>Director of Fine Sounds S.p.A.</p> <p>Director of Sit La Precisa S.p.A.</p> <p>Director of Value Investments S.p.A.</p> <p>Director of YLF S.p.A.</p>
Franco Dalla Sega	Member	<p>Chairman of Mittel S.p.A.</p> <p>Director of RCS Mediagroup S.p.A.</p>
Piergiuseppe Dolcini	Member	<p>Chairman of Hera Luce S.r.l.</p> <p>Director of Sinloc S.p.A.</p> <p>Director of Hera S.p.A.</p>
Jean Paul Fitoussi	Member	<p>Director of Telecom Italia S.p.A.</p> <p>Director of Pirelli S.p.A.</p>
Edoardo Gaffeo	Member	
Pietro Garibaldi	Member	Chairman of Ruspa Office S.p.A.
Rossella Locatelli	Member	Member of Supervisory Committee of Darma Sgr <i>in compulsory liquidation</i>
Giulio Stefano Lubatti	Member	<p>Chairman of the Board of the Statutory Auditors of Banco di Napoli S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of</p>

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>
		Eurizon Capital SGR S.p.A.
Marco Mangiagalli	Member	Director of Autogrill S.p.A. Director of Luxottica Group S.p.A.
Iacopo Mazzei	Member	Chairman of Tornabuoni S.r.l. Chairman and Managing Director of R.D.M. Asia Chairman and Managing Director of R.D.M. S.r.l. Chairman of CUGIMI S.p.A. Managing Director of Residenziale Immobiliare 2004 S.r.l. Director of Silk Road Inv. Director of ADF Aeroporto di Firenze S.p.A.
Beatrice Ramasco	Member	Chairman of the Board of the Statutory Auditors of Fiat Sepin S.c.p.a. Chairman of the Board of the Statutory Auditors of Iveco Acentro S.p.A. Chairman of the Board of the Statutory Auditors of Astra Veicoli Industriali S.p.A. Chairman of the Board of the Statutory Auditors of SADI S.p.A. Chairman of the Board of the Statutory Auditors of Iveco Partecipazioni Finanziarie S.r.l. Chairman of the Board of the Statutory Auditors of Fiat Gestione Partecipazioni S.p.A. Chairman of the Board of the Statutory Auditors of IN.TE.S.A. S.p.A. Member of the Board of the Statutory Auditors of Tyco Electronics AMP Italia Products S.p.A. Member of the Board of the Statutory Auditors of Tyco Electronics Italia Holding S.r.l. Member of the Board of the Statutory Auditors of Tekno Farma S.p.A. Member of the Board of the Statutory Auditors of S.I. Express S.r.l. Member of the Board of the Statutory Auditors of SEDES Sapientiae S.r.l. Member of the Board of the Statutory Auditors of IBM Italia S.p.A. Member of the Board of the Statutory Auditors of FPT

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>
		Industrial S.p.A.
		Member of the Board of the Statutory Auditors of Comau S.p.A.
		Official receiver of GIDIBI S.r.l. <i>in liquidazione</i>
		Official receiver of Mangiando e Bevendo S.a.s. <i>in liquidazione</i>
		Official receiver of Cascina Gorino S.s. <i>in liquidazione</i>
Marcella Sarale	Member	
Monica Schiraldi	Member	Managing Director of Car City Club S.r.l. Managing Director of Ca.Nova S.p.A. Director of Extra.To S.c.a.r.l.

### ***Management Board***

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

<b>Director</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>
Gian Maria Gros-Pietro <sup>(a)</sup>	Chairman	Chairman of ASTM S.p.A. Director of Caltagirone S.p.A. Director of Edison S.p.A. Director of Fiat S.p.A.
Marcello Sala <sup>(b)</sup>	Senior Deputy Chairperson	Director of Bank of Alexandria S.A.E.
Giovanni Costa <sup>(b)</sup>	Deputy Chairperson	Director of Edizione S.r.l. Chairman of C. R. Veneto S.p.A.
Carlo Messina <sup>(b)(e)</sup>	Managing Director and CEO	Director of Banca IMI S.p.A.
Gaetano Micciché <sup>(d)</sup>	Member	Managing Director of Banca IMI S.p.A. Director of Telecom S.p.A. Director of Alitalia S.p.A.

<b>Director</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer's activities</b>
		Director of Prada S.p.A.
Bruno Picca <sup>(d)</sup>	Member	Director of Intesa Sanpaolo Group Services S.C.P.A.
Giuseppe Morbidelli <sup>(c)</sup>	Member	Chairman of C.R. Firenze S.p.A.
Carla Patrizia Ferrari <sup>(c)</sup>	Member	Member of the Advisory Board of Ambienta SGR
Piera Filippi <sup>(a)</sup>	Member	
Francesco Micheli <sup>(f)</sup>	Member	Managing Director and General Manager of Intesa Sanpaolo Group Services S.C.P.A.

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

(b) Executive

(c) Non-executive

(d) Manager, executive

(e) Appointed on 29th September, 2013 following the resignation of Enrico Tommaso Cucchiani on the same date

(f) Appointed on 29th September 2013

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

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

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

## Principal Shareholders

As at 18th July, 2013, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 2 per cent.).

Shareholders	Ordinary Shares	% of ordinary shares
Compagnia di San Paolo.....	1,506,372,075	9.718%
Fondazione Cariplo .....	767,029,267	4.948%
Fondazione C.R. Padova e Rovigo .....	700,092,011	4.516%
Ente C.R. Firenze .....	514,655,221	3.320%
Assicurazioni Generali S.p.A. ....	417,992,743	2.696%
Harbor International Fund.....	333,018,195	2.148%
Fondazione C.R. in Bologna .....	313,656,442	2.023%

## Legal Risks

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

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

### Litigation regarding compound interest

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

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

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

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

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

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

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

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

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

### **Class action by Codacons**

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

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

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

### **Class action by Altroconsumo**

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

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

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

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

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

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

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

U.S. banking supervisory authorities initiated a public supervisory action in March 2007 related to certain weaknesses in the anti-money laundering controls, policies and procedures of our New York Branch which related to certain pre-existing investigations that were brought by the Office of Foreign Assets Control ("OFAC") and the US Department of Justice in connection with the processing of U.S. dollar payments and resolved, respectively, with the payment of non-material penalty and terminated. We entered into an agreement with the supervisory authorities pursuant to which we agreed to strengthen



these anti money-laundering procedures and we believe that we have complied with all such requests to date.

**Vertenza Intesa Sanpaolo (formerly Banca OPI and prior to that, Banca Infrastrutture Innovazione e Sviluppo) and Municipality of Taranto litigation**

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

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

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

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

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

Intesa Sanpaolo, which succeeded BIIS in the proceedings following the corporate operations described in the section entitled "*Intesa Sanpaolo in the last two years*" above, plans to file an appeal against this judgement before the Italian Supreme Court (*Corte di Cassazione*).

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

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

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

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

**Vertenza Intesa Sanpaolo (formerly Banca OPI and prior to that, Banca Infrastrutture Innovazione e Sviluppo) and Piemonte Regional Government litigation**

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

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

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

The first instance decision has been appealed by the Region and the banks have filed their defence asking for the rejection of the appeal. The hearing before the Higher Administrative Court (*Consiglio di Stato*) was held on 23rd July, 2013 and the case was held for judgment.

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

As the Piemonte Region has not been making payments under the swap agreements since May 2012, despite BIIS having repeatedly requested payment thereof, following the Piemonte TAR's (Regional Administrative Court) decision, in February 2013 the banks have requested the London High Court of Justice that the Piemonte Region be ordered to pay the sum due under the netting of the swap. The Piemonte Region appeared before the Court against the request. The Court's decision, filed on 16th July, 2013, has been favourable to the banks.

### **Litigation regarding investment services**

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

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

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

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

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

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

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

### **Cirio Group default**

In November 2002, the Cirio Group defaulted on the repayment of a loan issued on the Euro market. This event led to a cross default on all its existing issues. In April 2007, ten companies of the Cirio Group in extraordinary administration notified Intesa Sanpaolo and Banca Caboto (now Banca IMI), as well as five other banks, considered to be severally liable, of the filing of a claim for the reimbursement of alleged damages deriving from:

- the worsening of the default of the Cirio Group, from the end of 1999 to 2003, favoured also by the issue in the 2000-2002 period of 6 bond issues; the damages thereof are quantified – adopting three different categories ranging from 2,082 million euros to 421 million euros;
- the impossibility of the extraordinary administration procedures of undertaking bankruptcy repeal, for undetermined amounts, in the event that the default of Cirio Group companies was not postponed in time; and
- the payment of fees of 9.8 million euros for the placement of the various bond issues.

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

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

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

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

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

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

#### **Angelo Rizzoli Litigation**

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

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

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

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

### **Allegra Finanz AG**

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

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

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

The claimants' claims are believed to be without foundation.

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

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

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

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

In regard to this matter, Intesa Sanpaolo has conducted internal inspection reviews to reconstruct the facts, including in reference to a loan disbursed by SEB in December 2008 in the amount of 129 million

euros to Alberto Giacomini's family in the context of a family buy-out transaction. No significant irregularities have emerged so far in relation to this.

SEB has fully cooperated with local authorities and fully informed the local regulatory authority, and denies any wrong doing in the matter.

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

However, SEB has been advised by the local judicial authorities that as a result of the investigations carried out in Luxembourg no criminal case will be brought.

### **Bank of Alexandria**

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

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

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

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

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

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

Both parties appealed in Cassation against the Appeal Court's judgment. With a decision dated 1st October, 2012 the Court of Cassation rejected the bank's appeal thus rendering definitive the order to compensate damages for loss of the capital invested (inter alia, already paid to Mr Tambelli in 2004). The Court had upheld Mr Tambelli's appeal taking the view - contrary to the Milan Appeal Court's decision - that his further claims for loss of earnings had not been submitted out of time and therefore needed to be examined on their merits through a new judgment by the Milan Court sitting in a different formation.

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

Intesa Sanpaolo and Banca dell'Adriatico entered an appearance before the court, with the latter raising objections concerning its lack of standing to be sued and the former raising multiple objections both with regard to the fact that the claim for compensation, as it had been established at the end of the first instance proceedings, could not be extended with new damage claims introduced for the first time during the

appeal, and with regard to the inexistence of these further damages claimed by Mr Tambelli. Finally, Intesa Sanpaolo objected the total absence of a causal link between such claims and the futures transactions from which the case arose.

At the first hearing of the case, held on 23rd April, 2013, the Judge sent the case to decision, without admitting Mr Tambelli's evidence request, and the final hearing to submit final conclusions has been scheduled on 9th February, 2016.

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

### **Tax litigation**

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

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

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

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

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

For the years 2007 to 2011, the Financial Administration Authority (*l'amministrazione finanziaria*) served a notice of assessment to Intesa Sanpaolo in December 2011, relating to a series of transactions implemented for the purpose of capital strengthening by issuing preference shares through international subsidiaries (in the form of LLC) domiciled in Delaware (USA). The Financial Administration Authority (*l'amministrazione finanziaria*) alleges that the subordinated deposits in place between the international subsidiaries and Intesa Sanpaolo can be reclassified as loans, subject to 12.50 per cent. final withholding tax pursuant to the last paragraph of art. 26 of Italian Presidential Decree No. 600 of 1973. The claim related to this case amounts to 23 million euros in unpaid withholding taxes, in addition to 34 million euros in penalties and 4 million euros in interest. The claim of the financial authorities is expected to be deemed unfounded.

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

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

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

- for Intesa Sanpaolo:

- (i) the favourable ruling received on the appeal on the matter of stamp duty in relation to the compulsory accounting figures for the years 2005 and 2006, which recognised the legitimacy of the preparation of a hard copy of the journal ledger for the daily totals of individual general ledger accounts and considered the computerised records to be absolutely irrelevant;
  - (ii) the favourable ruling received on the appeal on the matter of recognition of the tax relevance of loans deriving from repurchase agreements to the effect of calculation of the ceiling of deductibility of the write-down of loans in relation to 2003 and 2004;
  - (iii) the first instance rulings, all positive, issued in relation to the reclassifications by Agenzia delle Entrate of various contributions of branches and business lines and the subsequent sale of shares as a single case which gradually took shape, equivalent to the transfer of a business line;
  - (iv) the negative first instance ruling (against both the Intesa Sanpaolo and Mediocredito Italiano) regarding the IRES tax recovery claimed by the *Agenzia delle Entrate* in relation to the sale without recourse of loans to the company Castello Finance in 2005. An appeal was naturally filed against this ruling;
- for Intesa Sanpaolo Private Banking, the negative first instance ruling regarding the tax assessment of year 2005, which reclassified the costs incurred as remuneration for the provision of presentation services to customers as goodwill, based on the assumption that this is equivalent to a case of transfer of a business line;
  - for Banca IMI, the negative ruling on appeal of the tax assessment for year 2003 concerning both the presumed loan on the quota of dividends distributed by an international subsidiary and not collected and the withholding tax obligation on the manufactured dividend paid to foreign banking counterparties.

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

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

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

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

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

### **Audited Consolidated Annual Financial Statements**

The annual financial information below as at and for the years ended 31st December, 2011 and 31st December, 2012 has been derived from the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31st December, 2012 (the "**2012 Annual Financial Statements**") that include comparative figures as at and for the year ended 31st December, 2011.

### **Half-Yearly Financial Statements**

The half yearly financial information below as at and for the six months ended 30th June, 2013 has been derived from the unaudited condensed consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30th June, 2013 (the "**2013 Half-Yearly Financial Statements**") and include comparative balance sheet figures as at and for the year ended 31st December, 2012 and income statement figures for the six months ended 30th June, 2012.

### **Incorporation by Reference**

Both the audited consolidated annual and the unaudited consolidated half-yearly financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned audited consolidated annual and unaudited consolidated half-yearly financial statements, together with the accompanying notes and auditors' reports.

### **Accounting Principles**

The audited consolidated annual and unaudited consolidated half-yearly financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002. The unaudited consolidated half-yearly financial statements referred to above have been prepared in compliance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.



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

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

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

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

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

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

	2012 Audited	2011 Audited
	<i>(in millions of €)</i>	
Interest and similar income .....	19,700	19,149
Interest and similar expense .....	-8,418	-7,762
<b>Interest margin</b> .....	<b>11,282</b>	<b>11,387</b>
Fee and commission income .....	6,641	6,298
Fee and commission expense .....	-1,511	-1,278
<b>Net fee and commission income</b> .....	<b>5,130</b>	<b>5,020</b>
Dividend and similar income .....	507	542
Profits (Losses) on trading .....	549	-204
Fair value adjustments in hedge accounting .....	-8	-8
Profits (Losses) on disposal or repurchase of:	1,348	753
<i>a) loans</i> .....	-3	-16
<i>b) financial assets available for sale</i> .....	270	590
<i>c) investments held to maturity</i> .....	-14	-1
<i>d) financial liabilities</i> .....	1,095	180
Profits (Losses) on financial assets and liabilities designated at fair value .....	1,294	-210
<b>Net interest and other banking income</b> .....	<b>20,102</b>	<b>17,280</b>
Net losses/recoveries on impairment .....	-4,521	-5,021
<i>a) loans</i> .....	-4,308	-4,229
<i>b) financial assets available for sale</i> .....	-161	-776
<i>c) investments held to maturity</i> .....	1	-2
<i>d) other financial activities</i> .....	-53	-14
<b>Net income from banking activities</b> .....	<b>15,581</b>	<b>12,259</b>
Net insurance premiums .....	5,660	9,260
Other net insurance income (expense) .....	-8,145	-10,016
<b>Net income from banking and insurance activities</b> .....	<b>13,096</b>	<b>11,503</b>
Administrative expenses .....	-9,085	-9,839
<i>a) personnel expenses</i> .....	-5,570	-6,223
<i>b) other administrative expenses</i> .....	-3,515	-3,616
Net provisions for risks and charges .....	-258	-222
Net adjustments to/recoveries on property and equipment .....	-469	-381
Net adjustments to/recoveries on intangible assets .....	-710	-723
Other operating expenses (income) .....	486	494
<b>Operating expenses</b> .....	<b>-10,036</b>	<b>-10,671</b>
Profits (Losses) on investments in associates and companies subject to joint control .....	-123	-207
Valuation differences on property, equipment and intangible assets measured at fair value .....	-	-
Goodwill impairment .....	-	-10,338
Profits (Losses) on disposal of investments .....	30	171
<b>Income (Loss) before tax from continuing operations</b> .....	<b>2,967</b>	<b>-9,542</b>
Taxes on income from continuing operations .....	-1,313	1,415
<b>Income (Loss) after tax from continuing operations</b> .....	<b>1,654</b>	<b>-8,127</b>
Income (Loss) after tax from discontinued operations .....	-	-
<b>Net income (loss)</b> .....	<b>1,654</b>	<b>-8,127</b>
Minority interests .....	-49	-63
<b>Parent company's net income (loss)</b> .....	<b>1,605</b>	<b>-8,190</b>
Basic EPS – Euro .....	0.10	-0.56
Diluted EPS – Euro .....	0.10	-0.56

**INTESA SANPAOLO**  
**CONSOLIDATED HALF-YEARLY BALANCE SHEET**  
**AS AT 30/06/2013**

	30/06/2013	31/12/2012
	Unaudited	Unaudited
	<i>(in millions of €)</i>	
<b>Assets</b>		
Cash and cash equivalents .....	4,389	5,301
Financial assets held for trading .....	55,905	63,546
Financial assets designated at fair value through profit and loss .....	37,042	36,887
Financial assets available for sale .....	103,944	97,209
Investments held to maturity .....	2,140	2,148
Due from banks .....	31,570	36,533
Loans to customers .....	358,404	376,625
Hedging derivatives .....	8,903	11,651
Fair value change of financial assets in hedged portfolios (+/-) .....	66	73
Investments in associates and companies subject to joint control .....	2,710	2,706
Technical insurance reserves reassured with third parties .....	15	13

	30/06/2013 Unaudited	31/12/2012 Unaudited
	<i>(in millions of €)</i>	
Property and equipment .....	5,436	5,530
Intangible assets .....	14,478	14,719
of which		
- goodwill .....	8,675	8,681
Tax assets .....	13,508	12,673
a) current .....	3,593	2,730
b) deferred .....	9,915	9,943
- of which convertible into tax credit (law no. 214/2011) .....	6,288	5,984
Non-current assets held for sale and discontinued operations .....	26	25
Other assets .....	9,249	7,943
<b>Total assets .....</b>	<b>647,785</b>	<b>673,582</b>

**INTESA SANPAOLO  
CONSOLIDATED HALF-YEARLY BALANCE SHEET  
AS AT 30/06/2013**

	30/06/2013 Unaudited	31/12/2012 Unaudited
	<i>(in millions of €)</i>	
<b>Liabilities and Shareholders' Equity</b>		
Due to banks .....	67,522	73,352
Due to customers .....	219,565	218,051
Securities issued .....	148,854	159,307
Financial liabilities held for trading .....	44,353	52,195
Financial liabilities designated at fair value through profit and loss .....	29,257	27,047
Hedging derivatives .....	8,818	10,776
Fair value change of financial liabilities in hedged portfolios (+/-) .....	1,210	1,802
Tax liabilities .....	2,983	3,494
a) current .....	1,135	1,617
b) deferred .....	1,848	1,877
Liabilities associated with non-current assets held for sale and discontinued operations .....	-	-
Other liabilities .....	14,536	18,039
Employee termination indemnities .....	1,297	1,354
Allowances for risks and charges .....	3,107	3,599
a) post employment benefits .....	615	672
b) other allowances .....	2,492	2,927
Technical reserves .....	56,633	54,660
Valuation reserves .....	-1,443	-1,692
Redeemable shares .....	-	-
Equity instruments .....	-	-
Reserves .....	10,647	9,941
Share premium reserve .....	30,934	30,934
Share capital .....	8,546	8,546
Treasury shares (-) .....	-18	-14
Minority interests (+/-) .....	562	586
Net income (loss) .....	422	1,605
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>647,785</b>	<b>673,582</b>

**INTESA SANPAOLO  
CONSOLIDATED HALF-YEARLY STATEMENT OF INCOME  
FOR THE SIX MONTHS ENDED 30/06/2013**

The half-yearly financial information below includes comparative figures as at and for the six months ended 30th June, 2012.

	First half of 2013 Unaudited	First half of 2012 Unaudited
	<i>(in millions of €)</i>	
Interest and similar income .....	8,838	10,018
Interest and similar expense .....	-3,905	-4,170
<b>Interest margin .....</b>	<b>4,933</b>	<b>5,848</b>
Fee and commission income .....	3,597	3,185
Fee and commission expense .....	-763	-709
<b>Net fee and commission income .....</b>	<b>2,834</b>	<b>2,476</b>
Dividend and similar income .....	161	314
Profits (Losses) on trading .....	444	277
Fair value adjustments in hedge accounting .....	-34	-4
Profits (Losses) on disposal or repurchase of .....	397	468
a) loans .....	-3	1
b) financial assets available for sale .....	476	206
c) investments held to maturity .....	-	-3

	First half of 2013	First half of 2012
	Unaudited	Unaudited
	<i>(in millions of €)</i>	
<i>d) financial liabilities</i> .....	-76	264
Profits (Losses) on financial assets and liabilities designated at fair value .....	157	714
<b>Net interest and other banking income</b> .....	<b>8,892</b>	<b>10,093</b>
Net losses / recoveries on impairment .....	-2,522	-1,959
<i>a) loans</i> .....	-2,359	-1,843
<i>b) financial assets available for sale</i> .....	-177	-68
<i>c) investments held to maturity</i> .....	-	-
<i>d) other financial activities</i> .....	14	-48
<b>Net income from banking activities</b> .....	<b>6,370</b>	<b>8,134</b>
Net insurance premiums .....	4,849	2,857
Other net insurance income (expense) .....	-5,646	-4,164
<b>Net income from banking and insurance activities</b> .....	<b>5,573</b>	<b>6,827</b>
Administrative expenses .....	-4,162	-4,490
<i>a) personnel expenses</i> .....	-2,490	-2,771
<i>b) other administrative expenses</i> .....	-1,672	-1,719
Net provisions for risks and charges .....	-67	-79
Net adjustments to / recoveries on property and equipment .....	-224	-187
Net adjustments to / recoveries on intangible assets .....	-363	-341
Other operating expenses (income) .....	308	249
<b>Operating expenses</b> .....	<b>-4,508</b>	<b>-4,848</b>
Profits (Losses) on investments in associates and companies subject to joint control .....	-73	18
Valuation differences on property, equipment and intangible assets measured at fair value .....	-	-
Goodwill impairment .....	-	-
Profits (Losses) on disposal of investments .....	5	3
<b>Income (Loss) before tax from continuing operations</b> .....	<b>997</b>	<b>2,000</b>
Taxes on income from continuing operations .....	-560	-689
<b>Income (Loss) after tax from continuing operations</b> .....	<b>437</b>	<b>1,311</b>
Income (Loss) after tax from discontinued operations .....	-	-
<b>Net income (loss)</b> .....	<b>437</b>	<b>1,311</b>
Minority interests .....	-15	-37
<b>Parent Company's net income (loss)</b> .....	<b>422</b>	<b>1,274</b>
Basic EPS - Euro	0.03	0.08
Diluted EPS - Euro	0.03	0.08

## 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 2012) 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.

As a fully licensed bank in Ireland, INSPIRE is subject to regulation by the Central Bank of Ireland.

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

### Activities

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

- Intra-group lending;
- International lending to corporate and credit institutions on a bilateral or syndicated basis;
- Management of a portfolio of securities held for liquidity purposes; and
- Treasury activities.

INSPIRE operates in a number of countries and its credit exposures are widely diversified geographically, with an emphasis on Europe. Based on total assets as at 31st December, 2012, INSPIRE is ranked the nineteenth largest bank in Ireland<sup>4</sup>.

### Board of Directors

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

<b>Name, Title and Business Address</b>	<b>Principal Activities outside INSPIRE</b>
Marco Antonio Bertotti, Chairman Intesa Sanpaolo S.p.A. Via Verdi, 11 20121 Milan (MI) Italy	Director of Société Européenne de Banque SA
Andrew Plomp Intesa Sanpaolo Bank Ireland p.l.c. 3rd Floor, KBC House 4 George's Dock, IFSC Dublin 1 Ireland	Director of Intesa Global Finance Co. Ltd. (in members' voluntary liquidation) Director of BI Private Equity Co. Ltd. (in members' voluntary liquidation)
Ian Letchford Askill 86 Stillorgan Grove Blackrock Co. Dublin Ireland	Director of Aviateur Capital Ltd
Francesco Introzzi Intesa Sanpaolo S.p.A. Piazza della Scala, 6	Director of Société Européenne de Banque SA Director of Società Centro Factoring S.p.A.

<sup>4</sup> Source: *The Irish Times Top 1,000 Companies, 2013*

**Name, Title and Business  
Address**

**Principal Activities outside INSPIRE**

20121 Milan (MI)  
Italy

Salvatore Catalano  
Studio Legale Avv. Salvatore  
Catalano  
Via Cesare Battisti, 23  
20122 Milan (MI)  
Italy

Chairman of the Board Pension Fund for Footballers and Coaches of  
the Italian Football Federation  
Chairman of the Monitoring Committee of Ferrania S.p.A.  
Chairman of the Board of Directors of Sport Invest 2000 S.p.A.  
Vice-Chairman of the Board of Directors of Banca Intesa Russia –  
Moscow  
Member of the Board of Auditors of Confcommercio, The  
Federation of the Enterprises of the Tertiary Sector, of Sicily  
Director of Société Européenne de Banque, Luxembourg  
Board of Auditors of Fondazione Fiera Milano  
Member of the Board of Auditors of the Chamber of Commerce and  
Industry of Milano  
Director and also Member of the Board of Trustees of Fondazione  
Universitaria Kore – University Kore of Enna  
Member of the Supervisory Board of Società Arexpo S.p.A.  
Chairman of the Board of Statutory Auditors of the Neurological  
Institute Carlo Besta  
Chairman of the Board of Statutory Auditors of San Carlo Borromeo  
Hospital  
Chairman of the Supervisory Board of NH Hotels

Richard Barkley  
40 Dodderbank  
Milltown Bridge  
Dublin 14  
Ireland

Director of Club di Dublino Ltd  
Director of Tearfund Ireland  
Director of Dodderbank Management Ltd.  
Director of Incaplex Ltd.

**Conflicts of Interest**

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.

## **OVERVIEW OF THE FINANCIAL INFORMATION RELATING TO INTESA SANPAOLO BANK IRELAND P.L.C.**

The following tables show balance sheet and income statement information of INSPIRE as at and for the years ended 31st December, 2012 and 2011. 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, 2012 and 2011, together with the accompanying notes and auditors' report, all of which are incorporated by reference in this Prospectus.

The half-yearly financial information of INSPIRE as at and for the six months ended 30th June, 2013 and 30th June, 2012 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 accounts within the meaning of regulation 6 of the Accounts Regulations. Full accounts (within such meaning) of INSPIRE have been prepared for the financial years ended 31st December, 2012 and 2011 and the auditors have given unqualified reports on such accounts which have been annexed to the relevant annual returns delivered to the Irish Registrar of Companies.

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

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in thousands of Euro)</i>	
<b>ASSETS</b>		
Cash and balance with central banks.....	54,653	77,385
Loans and advances to banks.....	9,781,329	15,041,088
Financial assets at fair value through profit or loss.....	62,046	65,289
Derivative financial instruments.....	372,876	330,264
Loans and advances to customers.....	3,469,782	4,118,547
Available for sale debt securities.....	2,955,932	1,148,962
Property, plant and equipment.....	53	52
Prepayments and accrued income.....	478	480
Deferred tax assets.....	1,263	5,591
Current tax.....	1,980	-
Other assets.....	7,651	8,208
<b>Total assets.....</b>	<b>16,708,043</b>	<b>20,795,866</b>
<b>LIABILITIES</b>		
Deposits from banks.....	2,299,871	10,297,226
Derivative financial instruments.....	579,075	469,733
Due to customers.....	1,899,353	1,908,470
Debt securities in issue.....	9,548,866	6,989,181
Repurchase agreements.....	1,208,750	1,001
Accruals and deferred income.....	10,770	10,853
Other liabilities.....	2,203	2,206
Corporation tax and deferred income tax.....	2,025	769
Provisions for liabilities and commitments.....	171	90
<b>Total liabilities.....</b>	<b>15,551,084</b>	<b>19,679,529</b>
<b>EQUITY</b>		
Share capital.....	400,500	400,500
Share premium.....	1,025	1,025
Available for sale reserves and other reserves.....	516,174	473,687
Retained earnings.....	239,260	241,125
<b>Total equity.....</b>	<b>1,156,959</b>	<b>1,116,337</b>
<b>Total liabilities and shareholders' funds.....</b>	<b>16,708,043</b>	<b>20,795,866</b>

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

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in thousands of Euro)</i>	
Interest and similar income.....	521,462	546,463
Interest expense and similar charges.....	(442,097)	(435,147)
<b>Net interest income.....</b>	<b>79,365</b>	<b>111,316</b>
Fees and commissions income.....	5,898	9,179
Fees and commissions expense.....	(20,702)	(18,622)
Net trading loss.....	(10,380)	(3,360)
Foreign exchange loss.....	18	(12)
Provisions.....	(581)	9,130
<b>Net operating income.....</b>	<b>53,618</b>	<b>107,631</b>
Administrative expenses and depreciation.....	(4,331)	(5,386)
<b>Operating profit/profit on ordinary activities before tax-continuing activities.....</b>	<b>49,287</b>	<b>102,245</b>
Tax on profit on ordinary activities.....	(6,152)	(12,790)
<b>Profit for the financial year.....</b>	<b>43,135</b>	<b>89,455</b>

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

	<b>30/06/2013</b>	<b>30/06/2012</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<i>(in thousands of Euro)</i>	
<b>ASSETS</b>		
Securities - carried at fair value.....	51,839	64,214
Securities - available for sale.....	2,974,105	1,880,487
Securities - loans and receivables.....	157,410	159,368
Sundry debtors and deferred expenses.....	7,229	7,787
Bank deposits.....	517,836	3,732,995
Loans advanced.....	11,310,425	15,292,742
Fixed assets.....	59	44
Deferred tax.....	930	3,466
Accrued interest receivable.....	363	479
Derivative financial instruments.....	320,013	341,297



	<b>30/06/2013</b>	<b>30/06/2012</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<i>(in thousands of Euro)</i>	
Corporation tax receivables .....	-	2,511
Other assets .....	-	-
<b>Total assets</b> .....	<b>15,340,209</b>	<b>21,485,390</b>
<b>LIABILITIES</b>		
Funds received .....	4,002,067	14,122,469
Debt securities in issue .....	9,672,977	5,743,793
Corporation tax payable and deferred tax .....	5,771	464
Accruals & deferred income .....	10,938	14,053
Derivative financial instruments .....	476,445	493,631
Provisions for liabilities and commitments .....	76	69
Other liabilities .....	-	-
<b>Total liabilities</b> .....	<b>14,168,274</b>	<b>20,374,479</b>
<b>EQUITY</b>		
Share capital .....	400,500	400,500
Share premium .....	1,025	1,025
Available for sale reserves and other reserves .....	522,008	489,439
Retained earnings .....	248,402	219,947
<b>Total equity</b> .....	<b>1,171,935</b>	<b>1,110,911</b>
<b>Total liabilities and shareholders' funds</b> .....	<b>15,340,209</b>	<b>21,485,390</b>

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

	<b>30/06/2013</b>	<b>30/06/2012</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<i>(in thousands of Euro)</i>	
Interest and similar income .....	206,358	278,548
Interest expense and similar charges .....	(157,970)	(244,186)
<b>Net interest income</b> .....	<b>48,388</b>	<b>34,362</b>
Net fees .....	(7,276)	(6,587)
Other loss .....	1,546	(1,021)
Exchange loss .....	(89)	(95)
<b>Net operating income</b> .....	<b>42,569</b>	<b>28,701</b>
Administrative expenses .....	(2,331)	(2,002)
Impairment provision .....	9,096	(11)
<b>Net profit before tax</b> .....	<b>49,334</b>	<b>26,688</b>
Tax on profit on ordinary activities .....	(6,155)	(3,336)
<b>Profit after tax</b> .....	<b>43,179</b>	<b>23,352</b>

## DESCRIPTION OF SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.

### History

Société Européenne de Banque S.A. ("**SEB**") was incorporated in Luxembourg on 2nd June, 1976 under Luxembourg law, and notably the law of 10th August, 1915, as amended. SEB holds a banking licence pursuant to Luxembourg law issued on 19th May, 1976 under number 23906 by the *Ministère des Classes Moyennes*. As a fully licensed bank in Luxembourg, SEB is regulated by the CSSF.

In the context of successive group concentrations, with effect from 1st January, 2002, SEB incorporated all assets and liabilities of Banca Intesa International S.A., Luxembourg. With effect from 7th July, 2008, SEB incorporated the non investment fund assets and liabilities of Sanpaolo Bank S.A., Luxembourg.

SEB is registered with the Register of Commerce and Companies (*Registre de Commerce et des Sociétés*) in Luxembourg under registration number B13859.

Its registered office is located at 19-21 Boulevard du Prince Henri, L-1724 Luxembourg (tel: +352 4614111).

### Activities

As a licensed bank, the principal areas of business of SEB include:

- Private banking and wealth management;
- International lending to corporate and credit institutions on a bilateral or syndicated basis;
- Corporate structuring;
- Management of a portfolio of securities held for liquidity purposes;
- Treasury activities; and
- Intra-group lending.

SEB's credit exposures are widely diversified geographically, with an emphasis on Europe. Based on total assets as at 31st December 2012, SEB is ranked the twelfth largest bank in Luxembourg (*source: KPMG Luxemburger Wort, Luxembourg Banks Insights 2013*).

SEB currently has 164 employees.

### Board of Directors

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

#### Name, Title and Business Address:

#### Principal Activities outside SEB

Angelo Caloia  
Chairman

Director of Fondazione Giuseppe Lazzati  
Chairman of Fondazione Vittorino Colombo  
Director of Fondazione CESIPI  
Chairman of Veneranda Fabbrica del Duomo di Milano  
Chairman SIREF Fiduciaria S.p.A.  
Director of Banco di Napoli S.p.A.  
Deputy Chairman of Banca Fideuram S.p.A.

Salvatore Catalano  
Deputy Chairman

Director of Intesa Sanpaolo Ireland p.l.c.  
Director of Fondazione Universitaria Kore  
Member of the Audit Committee of Confcommercio  
Member of the Audit Committee of Camera di Commercio, Industria, Artigianato e Agricoltura di Sondrio  
Member of the Audit Committee of Camera di Commercio, Industria, Artigianato e Agricoltura di Milano  
Chairman of the Board of Auditors of Fondazione Arsneà  
Auditor of SAC Società Aeroporto Catania S.p.A.  
Chairman of the Board of Statutory Auditors of Azienda

Ospedaliera Polo Universitario Luigi Sacco  
Vice Chairman of Banca Intesa Russia, Moscow  
Chairman of the Monitoring Committee of Olcese S.p.A.  
Chairman of the Monitoring Committee of Ferrania S.p.A.  
Judge Federal Court of Justice Federazione Italiana Gioco Calcio  
Chairman of the Statutory Board of Auditors of Vienord S.p.A.  
Chairman of Sport Invest 2000 S.p.A.  
Member of the Audit Committee of Findazione Ente Autonomo Fiera Internazionale di Milano  
Auditor of Avio S.p.A.  
Chairman of Etruria Fund Management Company S.A.  
Chairman of Prisma SGR S.p.A.  
Sole Director of Immobiliare Ansa Srl  
Director of Fondazione Cologni dei Mestieri d'Arte

Gianfranco Pizzutto,  
Managing Director & Chief  
Executive Officer

Intesa Sanpaolo Global Finance Co. Ltd  
Sanpaolo Invest Ireland Ltd  
Fideuram Asset Management (Ireland) Ltd

Walter Mauro Ambrogio

Director of Fineurop S.p.A.  
Director of the Italy-China Foundation

Arthur Philippe

Chairman of the Board of Kieger (Luxembourg) S.A.  
Vice-chairman of the Board of Intesa Sanpaolo Holding International S.A.  
Member of the Board of Banca Intesa a.d. Beograd  
Member of the Board of Centre de Recherche Public Henri Tudor  
Member of the Board of Centre de Recherche Public Gabriel Lippmann  
Member of the Conseil de Gérance GIE Lux Institute of Science and Technology  
Member of the Board of Otto Beisheim Finance S.A.  
Member of the Conseil de Gérance of Sharaf Holdings Sàrl

Marco Elio Rotigni

Director of Leasint S.p.A.

Francesco Introzzi

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

Marco Antonio Bertotti

Chairman of the Risk Committee of Intesa Sanpaolo Bank Ireland p.l.c.  
Co-chairman of the Money Market Committee of ASSIOM FOREX  
Lecturer at the Inter Alpha Banking School on International Money Markets  
Lecturer for ACI Dealing Certificate & ACI Diploma courses

Christian Schaack

Director of TD Bank International SA  
Director of TD GDL  
Director of Intesa Sanpaolo Holding International SA  
Director of Global Diversified SICAV  
Director of ATOZ Foundation

The business address of each member of the Board of Directors listed above is 19-21 Boulevard du Prince Henri, L-1724 Luxembourg.

#### **Conflicts of Interest**

SEB is not aware of any potential conflicts of interest between the duties to SEB of each of the members of the Board of Directors listed above and their private interests or other duties.

### **Recent Developments**

As disclosed in the audited annual financial statements of SEB as at and for the year ended 31st December, 2012, SEB formalised the sale of the corporate domiciliation activity to Citco C&T (Luxembourg) S.A. on 1st October, 2013.

**OVERVIEW OF THE STATEMENTS OF FINANCIAL POSITION RELATING TO SOCIÉTÉ  
EUROPÉENNE DE BANQUE S.A.**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in thousands of Euro)</i>	
<b>ASSETS</b>		
Cash and cash balances with central banks .....	43,196	101,721
Financial assets held for trading .....	19,854	63,025
Financial assets designated at fair value through profit or loss .....	30,350	137,008
Available for sale financial assets .....	2,407,940	1,407,724
Held-to-maturity investments .....	-	181,244
Loans and advances to credit institutions .....	9,701,790	8,752,180
Loans and advances to customers .....	1,766,381	1,346,668
Derivatives held for hedging .....	-	5,515
Property, plant and equipment .....	10,003	10,888
Intangible assets .....	-	1
Deferred tax assets .....	5,576	8,531
Other assets .....	12,324	9,343
<b>Total assets .....</b>	<b>13,997,414</b>	<b>12,023,848</b>
<b>LIABILITIES</b>		
Deposits from central banks .....	1,208,750	0
Financial liabilities held for trading .....	96,775	156,877
Financial liabilities designated at fair value through profit or loss .....	37,929	48,845
Deposits from credit institutions .....	491,101	4,230,807
Deposits from customers .....	3,346,755	2,547,076
Debts evidenced by certificates .....	7,453,415	4,170,232
Derivatives held for hedging .....	-	2,081
Provisions .....	1,390	1,440
Deferred tax liabilities .....	14,439	8,531
Other liabilities .....	34,968	41,783
<b>Total liabilities .....</b>	<b>12,685,522</b>	<b>11,207,672</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital .....	535,091	280,000
Revaluation reserve .....	21,470	(97,339)
Other reserves and retained earnings .....	621,818	530,905
Net profit for the year .....	133,513	102,610
<b>Total shareholders' equity .....</b>	<b>1,311,892</b>	<b>816,176</b>
<b>Total liabilities and shareholders' equity .....</b>	<b>13,997,414</b>	<b>12,023,848</b>

**SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.  
ANNUAL INCOME STATEMENTS**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Audited</b>
	<i>(in thousands of Euro)</i>	
Interest and similar income .....	324,057	303,494
Interest expense and similar charges .....	(168,638)	(159,110)
<b>Net interest income .....</b>	<b>155,419</b>	<b>144,384</b>
Fee and commission income .....	37,063	32,880
Fee and commission expenses .....	(12,256)	(9,370)
Dividend income .....	2,067	3,006
Net (un)realised gains (losses) on financial assets and liabilities held for trading .....	(13,972)	(4,660)
Net (un)realised gains (losses) on financial assets and liabilities at fair value through profit or loss .....	11,936	(17,300)
Net realised gains (loss) on financial assets and liabilities not at fair value through profit or loss .....	6,812	429
Net other operating income / expenses .....	(6,551)	(4,346)
Administrative expenses .....	(36,662)	(30,916)
Provisions .....	-	(680)
Depreciation and amortisation .....	(971)	(1,322)
Impairment .....	(9,372)	(9,495)
<b>Net profit for the year .....</b>	<b>133,513</b>	<b>102,610</b>

**SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.**  
**CONSOLIDATED ANNUAL BALANCE SHEETS AS AT 31/12/2012**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Non Audited</b>
	<i>(in thousands of Euro)</i>	
<b>ASSETS</b>		
Cash and cash balances with central banks .....	43,196	108,433
Financial assets held for trading .....	19,854	62,998
Financial assets designated at fair value through profit or loss .....	30,350	137,008
Available for sale financial assets .....	2,407,729	1,391,060
Held-to-maturity investments .....	0	181,244
Loans and advances to credit institutions .....	9,701,790	8,772,954
Loans and advances to customers .....	1,766,381	1,353,298
Derivative held for hedging .....	0	5,516
Property, plant and equipment .....	10,005	11,441
Intangible assets .....	11	207
Deferred tax assets .....	5,576	8,531
Other assets .....	13,651	10,906
<b>Total assets .....</b>	<b>13,998,543</b>	<b>12,043,596</b>
<b>LIABILITIES</b>		
Deposits from central banks .....	1,208,750	0
Financial liabilities held for trading .....	96,775	156,970
Financial liabilities designated at fair value through profit or loss .....	37,929	48,845
Deposits from credit institutions .....	491,101	4,097,066
Deposits from customers .....	3,343,610	2,680,687
Debt evidenced by certificates .....	7,453,415	4,170,233
Derivative held for hedging .....	0	2,082
Provisions .....	1,740	1,742
Deferred tax liabilities .....	14,439	8,658
Other liabilities .....	36,237	43,395
<b>Total liabilities .....</b>	<b>12,683,996</b>	<b>11,209,678</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued capital .....	535,092	280,000
Revaluation reserve .....	21,470	(97,336)
Other reserves and retained earnings .....	623,864	549,324
Net profit for the period .....	134,121	101,930
<b>Total shareholders' equity .....</b>	<b>1,314,547</b>	<b>833,918</b>
<b>Total liabilities and shareholders' equity .....</b>	<b>13,998,543</b>	<b>12,043,596</b>

**SOCIÉTÉ EUROPÉENNE DE BANQUE S.A.**  
**CONSOLIDATED ANNUAL STATEMENTS OF INCOME AS AT 31/12/2012**

	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>Audited</b>	<b>Non Audited</b>
	<i>(in thousands of Euro)</i>	
Interest and similar income .....	323,847	303,777
Interest expense and similar charges .....	(168,261)	(158,978)
<b>Net interest income</b> .....	<b>155,586</b>	<b>144,799</b>
Fee and commission income .....	48,894	45,137
Fee and commission expenses.....	(18,011)	(12,917)
Dividend income	42	86
Net (un)realised gains (losses) on financial assets and liabilities held for trading	(13,872)	(4,401)
Net (un)realised gains (losses) on financial assets and liabilities at fair value through profit or loss	11,936	(17,300)
Net (un)realised gains (losses) on financial assets and liabilities not at fair value through profit or loss	6,812	429
Net other operating income / expenses	(7,115)	(4,303)
Depreciation and amortisation	(1,064)	(1,697)
Administrative expenses .....	(39,429)	(37,559)
Provisions	0	(680)
Impairment	(9,372)	(9,495)
Taxes	(286)	(169)
<b>Profit for the financial period</b>	<b>134,121</b>	<b>101,930</b>
<b>Other comprehensive income/(loss)</b>		
Net change in fair value on available –for-sale financial assets	127,672	(88,343)
Deferred tax relating to the components of other comprehensive income	(8,863)	0
<b>Other comprehensive income/(loss) for the year</b>	<b>118,809</b>	<b>(88,343)</b>
<b>Total comprehensive income/(loss)</b>	<b>252,930</b>	<b>13,857</b>
<b>Total comprehensive income attributable to:</b>		
<b>Equity holders of the Bank</b>	<b>252,930</b>	<b>13,587</b>
<b>Non controlling interests</b>	<b>0</b>	<b>0</b>

## TAXATION

### ITALIAN 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. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis.

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

##### *Tax treatment of Notes issued by the Issuer*

Italian Legislative Decree No. 239 of 1st April, 1996 ("**Decree 239**") sets out the applicable tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments.

##### *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*, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (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), or a *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 20 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. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.



Pursuant to Decree 239, the 20 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock brokers and other qualified entities identified by a decree of the Ministry of Finance ("**Intermediaries**" and each an "**Intermediary**") resident in Italy, or by permanent establishments in Italy of a non Italian resident Intermediary, that intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that by the Issuer.

Payments of Interest in respect of Notes issued by Intesa Sanpaolo that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 20 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 partnerships carrying out commercial activities (*'società in nome collettivo'* or *'società in accomandita semplice'*); (iii) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), 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 (iv) 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 20 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer. 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 shall 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 20 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.

If the investor is resident in Italy and is a Fund or a SICAV and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund or the SICAV. The Fund or SICAV will not be subject to taxation on such result, but a withholding tax of 20 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Italian resident pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5th December, 2005 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. The income of the real estate fund is subject to tax, in the hands of the unitholder,

depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

#### ***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* will not be subject to the *imposta sostitutiva* at the rate of 20 per cent. if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected *provided that*:

- (a) such beneficial owners are resident for tax purposes in (i) a country listed in the Italian Ministerial Decree dated 4th September, 1996, as amended from time to time, or (ii), as from the fiscal year in which the decree pursuant to article 168-*bis* of Decree No. 917 is effective, in a state or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of Law No. 244 of 24th December, 2007 ("**Law No. 244**")) in the list of states allowing an adequate exchange of information with the Italian tax authorities listed in the decree referred to in Article 168-*bis*, paragraph 1 of Decree No. 917; and
- (b) 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 met or complied with in due time.

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 20 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes;
- (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Italian Intermediary, or a permanent establishment in Italy of a non-Italian 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) file with the relevant depository a statement (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, one of the above-mentioned states. Such statement (*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 statement (*autocertificazione*) is not required 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 holder of the Notes to comply in due time with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to a non-resident holder of the Notes.

Non-resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

#### **Taxation of Notes issued by INSPIRE or by SEB**

##### ***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 or by SEB 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 or by SEB that qualify as *obbligazioni* or *titoli similari alle obbligazioni*, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (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 *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a 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 20 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. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Pursuant to Decree 239, the 20 per cent. *imposta sostitutiva* is applied by Italian Intermediaries or by permanent establishments in Italy Intermediaries resident outside Italy. Italian 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. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

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 Intermediary paying Interest to the Noteholders.

Payments of Interest in respect of Notes issued by INSPIRE or by SEB that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 20 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 partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*); (iii) Funds, SICAVs, Italian resident pension funds referred to in Decree No. 252, Italian resident real estate investment funds; and (iv) 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 20 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Italian authorised Intermediary (or permanent establishment in Italy of foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or permanent establishment in Italy of foreign Intermediary), the *imposta sostitutiva* is applied and withheld by 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 or by SEB.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to the 20 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 not subject to such substitute tax but it is included in the aggregate income of the investment fund or SICAV. The investment fund or SICAV will not be subject to tax on the Interest. A withholding tax of 20 per cent. may apply on income of the investment fund or SICAV derived by unitholders or shareholders through distribution and/or upon redemption or disposal of the units and shares.

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 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. The income of the real estate fund is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where Interest on Notes issued by INSPIRE or by SEB and beneficially owned by Noteholders qualifying as net recipients, as defined above, are not collected through the intervention of an Italian 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 20 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 or by SEB and received by non-Italian resident beneficial owners are not subject to taxation in Italy.

If Notes issued by INSPIRE or by SEB 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 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 statement (*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.

#### **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 20 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 20 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 SEB 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 20 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 20 per cent. 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 that event, and in accordance with Condition 12 (*Taxation*), 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.

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 Intesa Sanpaolo*" and "*Taxation of Notes issued by INSPIRE or by SEB*".

### **Capital Gains**

#### ***Notes Issued by Intesa Sanpaolo***

Pursuant to Decree No. 461, a 20 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- an Italian resident individual not engaged in entrepreneurial activities to which the Notes issued by Intesa Sanpaolo are connected;
- an Italian resident partnership not carrying out commercial activities;
- an Italian private or public institution not carrying out mainly or exclusively commercial activities; or
- 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, the 20 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 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 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;
- Italian resident partnerships not carrying out commercial activities;
- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

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 made in writing in due time 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 a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 20 per cent. *imposta sostitutiva* on capital gains but 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 required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

The capital losses realised before 1st January, 2012 may be carried forward to offset subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

In the case of Notes held by 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. The Funds or SICAVs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

The 20 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 declaration (*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: (a) in a White-list State listed in Italian Ministerial Decree dated 4th September, 1996, as amended from time to time or (b) as from the tax year in which the decree pursuant to article 168-bis of Decree No 917 is effective, in a State or territory that is included (or deemed to be included, pursuant to Article 1, paragraph 90 of Law No. 244) in the list of States allowing an adequate exchange of information with the Italian tax authorities listed in the decree referred to in Article 168-bis, paragraph 1 of Decree No. 917. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where 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 Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

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 or by SEB**

Pursuant to Decree No. 461, a 20 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;
- Italian resident partnerships not carrying out commercial activities;
- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

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 the 20 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 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 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,
- Italian resident partnerships not carrying out commercial activities,

- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

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 made in writing in due time 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.

If the Notes are part of a portfolio managed in a regime of Asset Management Option ("*risparmio gestito*" regime) by an Italian asset management company or an authorised intermediary the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 20 per cent. *imposta sostitutiva* on capital gains but 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 required to be included in the annual income tax return of the Noteholder and the Noteholder, remains anonymous.

The capital losses realised before 1st January, 2012 may be carried forward to offset subsequent capital gains of the same nature for an overall amount of 62.5 per cent. of the relevant capital losses.

In the case of Notes held by 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. Funds and SICAVs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, subject to the Collective Investment Fund Tax at the relevant applicable rate.

The 20 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 the 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.

If the donee sells the Notes for consideration 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**

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €168; (ii) private deeds are subject to registration tax only in the case of use of voluntary registration. As from 1st January, 2014, Law Decree n. 104 of 12th September, 2013 increased the registration tax flat rate to € 200.

#### **Tax Monitoring Obligations**

Italian resident individuals, non commercial entities, non commercial partnerships and similar institutions are 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, as amended by Law n. 98 of 6th August, 2013, for tax monitoring purposes:

- (a) the amount of Notes issued by Intesa Sanpaolo held abroad during each tax year; and
- (b) the amount of Notes, issued by INSPIRE or by SEB, held during each tax year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply 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 have been subject to tax by the same intermediaries.

#### **Stamp duty**

Any communication referred to financial products held through an Italian intermediary is subject to a stamp duty at 0.15 per cent, applied on the relevant market value, where available, or on its nominal or refund value. The stamp duty is owed for a minimum amount of EUR 34.20 and is capped to EUR 4,500.00 for financial products held by persons other than individuals.

#### **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 a company. However no withholding for or on account of Irish income tax is required to be made from interest payments in respect of the Notes in a number of circumstances.

#### ***Notes issued by Intesa Sanpaolo or SEB, as the case may be***

Payments of interest in respect of Notes issued by Intesa Sanpaolo, or SEB, as the case may be, will be made without deduction of withholding tax in circumstances where Intesa Sanpaolo, or SEB, as the case may be, 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*

*Banking exemption*

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 Consolidation Act 1997, as amended (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 company 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, Armenia, Australia, Austria, Bahrain, Belarus,

Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Chile, China, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, 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, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, the United States of America, Uzbekistan, Vietnam and Zambia.

Negotiations for new treaties are taking place with Azerbaijan, Jordan, Thailand and Tunisia.

#### *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) in effect.

#### *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 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. 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 or where the company is wholly owned by two or more companies, of each of those companies, 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 or SEB provided that:

- (a) Intesa Sanpaolo or, as the case may be, SEB is not resident in Ireland for corporation tax purposes; and
- (b) the relevant Notes are recorded in the books of Intesa Sanpaolo or, as the case may be, SEB other than as a liability of a branch of Intesa Sanpaolo or, as the case may be, SEB 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 33 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 36 per cent.; with effect from 1st January, 2014, the rate will be 41 per cent. in respect of all such payments) 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.

Pursuant to section 246A of the Taxes Act, in respect of any Note that is not listed on any stock exchange and matures within two years or that is a certificate of deposit, 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.

The Revenue Commissioners agree that DIRT which would otherwise be applicable will not apply to interest or other returns paid in respect of unlisted notes (such as the Notes issued by INSPIRE) that do not mature within two years, 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 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 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 or SEB, as the case may be, paid by a paying agent in Ireland; or
- (b) by Intesa Sanpaolo or SEB, as the case may be, paid to an agent in Ireland on behalf of a holder of the relevant Note; or
- (c) by INSPIRE that is a quoted Eurobond and is either held in a Recognised Clearing System (see above) or where that payment of interest was not paid by or entrusted to any person in Ireland and, in each case, was paid to an agent in Ireland acting on behalf of a holder of the relevant Note,

will generally 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 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 company 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 either:
    - (A) 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; or
    - (B) a company controlled, either directly or indirectly, by persons 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 who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or
    - (C) a company, the principal class of its shares or the shares of its 75 per cent. parent or where the company is wholly owned by two or more companies, of

each of those companies, are substantially and regularly traded on a stock exchange, in a country which has signed a double tax treaty with Ireland or an EU Member State (other than Ireland) or on such other stock exchange as may be approved of by the Minister for Finance; and

- (c) where:
  - (i) the provisions of section 246A of the Taxes Act apply; and
  - (ii) the recipient is either:
    - (A) 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 who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or
    - (B) a company controlled, either directly or indirectly, by persons 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; or
    - (C) a company, the principal class of its shares or the shares of its 75 per cent. parent or where the company is wholly owed by two or more companies, of each of those companies, are substantially and regularly traded on a stock exchange, in a country which has signed a double tax treaty with Ireland or an EU Member State (other than Ireland) or on such other stock exchange as may be approved of by the Minister for Finance.

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. Where the interest is paid to a foreign company carrying on a trade in Ireland through a branch or agency or a permanent establishment to which interest paid by INSPIRE is attributable, corporation tax is payable on the interest.

#### ***Applicable Double Tax Treaty***

Many 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 in effect 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 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 or where the company is wholly owned by two or more companies, of each of those companies, 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 (as a consequence of the absence of a collection mechanism rather than adopted policy) 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, 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 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 acquisitions tax, even though the disponent may not be domiciled in Ireland. For the purposes of capital acquisitions 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 or SEB**

In the case of Notes issued by Intesa Sanpaolo or SEB, 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.



## LUXEMBOURG TAXATION

*The following is based on the laws presently in force in Luxembourg and is subject to any change that may come into effect after that date, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

*A holder of Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.*

### **Withholding Tax**

#### *Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force but subject to the laws of 21st June, 2005 implementing the EU Savings Tax Directive, as amended (the "**EUSD Law**") and mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes, provided that the interest on the Notes does not depend on the profit of the Issuer.

However, under the EUSD Law implementing the EU Savings Tax Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest (or similar income), as defined by the EUSD Law, made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, within the meaning of Article 4.2 of the EUSD Law (the "**Residual Entities**"), which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest, as defined by the EUSD Law, to the fiscal authorities of the paying agent, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the EUSD Law would at present be subject to a withholding tax of 35%. Luxembourg government officially announced on 10th April, 2013 that it will no longer apply the withholding tax system as from 1st January, 2015 and will provide with details of payment of interest (or similar income).

#### *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23rd December, 2005, as amended (the "**Relibi Law**") and mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes, provided that the interest on the Notes does not depend on the profit of the Issuer.

However, under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying

agent. Payments of interest under the Notes coming within the scope of the Relibi Law would be subject to a withholding tax of 10%.

Further, Luxembourg resident individuals acting in the course of the management of their private wealth, who are the beneficial owners of interest or similar income made or ascribed by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Tax Directive may also opt for a final 10% levy, providing full discharge of Luxembourg income tax. In such case, the 10% levy is calculated on the same amounts as the 10% withholding tax for payments made by Luxembourg resident paying agents. The option for the 10% final levy must cover all interest payments made by the paying agents to the Luxembourg resident beneficial owner during the entire civil year. Responsibility for the declaration and the payment of the 10% final levy is assumed by the individual resident beneficial owner of the interest or similar income.

## **Income Taxation**

### *Non-resident holders of Notes*

A non-resident holder of Notes, who has neither a permanent establishment, a permanent representative nor a fixed place of business in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment, a permanent representative or fixed place of business in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal, in any form whatsoever, of the Notes.

### *Resident corporate holders of Notes*

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A corporate holder of Notes that is governed by the law of 11th May, 2007 on family estate management companies, as amended, or by the law of 17th December, 2010 on undertakings for collective investment, or by the law of 13th February, 2007 on specialized investment funds, as amended, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

### *Resident individual holders of Notes*

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the Relibi Law.

A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (*e.g.*, issue discount, redemption premium, *etc.*) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes in its taxable basis for income tax purposes.

## Net Wealth Taxation

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11th May, 2007 on family estate management companies, as amended, or by the law of 17th December, 2010 on undertakings for collective investment, or by the law of 13th February, 2007 on specialized investment funds, as amended, or is a securitization company governed by the law of 22nd March, 2004 on securitization, as amended, or is a capital company governed by the law of 15th June, 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

## Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a registration duty may be due upon the registration of the Notes in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Notes must be produced before an official Luxembourg authority, or in the case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

## TAXATION IN SINGAPORE

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore (MAS) in force as at the date of this Prospectus and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes (particularly structured Notes) and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as financial institutions in Singapore holding the Financial Sector Incentive – Standard Tier tax status) may be subject to special rules. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject.*

*It is emphasised that neither any Issuer nor the Guarantor nor any Dealer nor any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.*

*The descriptions below are not intended to apply to any Notes issued by, or issued for the purposes of funding, the Singapore Branch of any Issuer*

## Interest and Other Payments

If the Dealer or Dealers for more than half of any tranche of Notes issued under the Programme on or before 31st December, 2013 are Financial Sector Incentive (Bond Market) Companies (as defined in the Income Tax Act, Chapter 134 of Singapore ("ITA")) or are financial institutions in Singapore where their staff based in Singapore have a leading and substantially role in the distribution of such tranche of Notes, that tranche of Notes ("**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA and, subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, "**Specified**

**Income**") from the Relevant Notes derived from an Issuer by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and
- (b) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, Specified Income from such Relevant Notes derived by:
  - (i) any related party of the relevant Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the concessionary rate of tax of 10 per cent. as described above.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

**"break cost"** means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

**"prepayment fee"** means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

**"redemption premium"** means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore taxation section have the same meaning as defined in the ITA.

The term **"related party"**, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

As stated in the MAS Circular FSD Cir 02/2013 dated 28 June 2013, the Qualifying Debt Securities Scheme will be extended for 5 years to debt securities issued during the period of 1 January 2014 to 31 December 2018. The "dealer test" as described above in relation to tranches of Notes issued under the Programme on or before 31st December, 2013 will be modified so that the requirement will be that more than half of the debt securities issued under a tranche must be distributed by (i) Financial Sector Incentive (Capital Market) Companies (ii) Financial Sector Incentive (Standard Tier) Companies; or (iii) Financial Sector Incentive (Bond Market) Companies.

### **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

### **Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

Subject to certain "opt out" provisions, taxpayers who are required to comply with FRS 39 for financial reporting purposes are generally required to adopt FRS 39 for Singapore income tax purposes as well.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

#### **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15th February, 2008.

## EU SAVINGS TAX DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (*the "EU Savings Tax Directive"*), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity called "residual entities", within the meaning of Article 4.2. of the EU Savings Directive (the "**Residual Entities**") established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent., unless in the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Luxembourg government officially announced on 10th April, 2013 that it will no longer apply the withholding tax system as from 1st January, 2015 and will provide with details of payment of interest (or similar income).

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or Residual Entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or Residual Entities established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Tax Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### Implementation in Italy

Italy has implemented the EU Savings Tax 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 of the European Union 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, undertakings for collective investments in transferable securities or "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 EU Savings Tax Directive was implemented in Luxembourg by the Law of 21st June, 2005. Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or Residual Entities established in that other Member State; however, for a transitional period, Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent.. In the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Luxembourg government officially announced on 10th April, 2013 that it will no longer apply the withholding tax system as from 1st January, 2015 and will provide with details of payment of interest (or similar income).

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or Residual Entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or Residual Entities established in one of those territories.

On 13th November, 2008, the European Commission published a detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24th April, 2009. If any of those were implemented, the proposed changes made in relation to the amendments would, inter alia, (i) extend the scope of the EU Savings Directive, they may amend to payments made through certain intermediate structures (whether or broaden the scope of the requirements described above) for the ultimate benefit of EU resident individuals, and (ii) provide for a wider definition of interest subject to the EU Savings Directive. Investors who are in any doubt as to their position should consult their professional advisors.

## REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to Notes issued under the Programme. Prospective Noteholders who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### **Current Account Items**

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, August 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades, the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the "Six Authorities") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "Supervision List"). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5 July, 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (the "2013 PBOC Circular") with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of RMB for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

As new regulations, the above circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

### **Capital Account Items**

Under the applicable PRC foreign exchange control regulations, capital account items include cross border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in



the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April, 2011, the State Administration of Foreign Exchange ("SAFE") issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items (the SAFE Circular), which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies. According to the 2013 PBOC Circular, upon enforcement of external guarantees in Renminbi provided by onshore non-financial enterprises, PRC banks may provide RMB settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. Furthermore, onshore non-financial enterprises can (via PRC banks) extend loans in Renminbi to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE. However, SAFE has not amended its positions under the SAFE Circular, nor has it issued any regulations to confirm the positions in the 2013 PBOC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE Circular and the provisions of the 2013 PBOC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

On 12 October 2011, MOFCOM promulgated the MOFCOM RMB FDI Circular, and pursuant to which, prior written consent from the appropriate office of MOFCOM and/or its local counterparts (depending on the size and the relevant industry of the investment) is required for RMB FDI. The MOFCOM RMB FDI Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in the PRC domestic listed companies through private placements or share transfers by agreement under the strategic investment regime.

On 13 October 2011, the PBOC issued the PBOC RMB FDI Measures which set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. Prior to the PBOC RMB FDI Measures, cross-border RMB settlement for RMB FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC RMB FDI Measures cover various aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration after the completion of relevant RMB FDI transactions, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information.

As new regulations, such notices will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## SUBSCRIPTION AND SALE

The Dealers have in a dealer agreement (as amended, supplemented and/or restated, the "**Dealer Agreement**") dated 6 November, 2013, 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 "*Forms of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Dealer Agreement, Intesa Sanpaolo, INSPIRE and SEB 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, nor will they 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 the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes 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 a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (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 the 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 such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the 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 Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### 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 Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) 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) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, 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
- (c) **Other exempt offers:** 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 (d) 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:

- (a) 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;
- (b) the "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State; and
- (c) the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### **Luxembourg**

The Notes may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") pursuant to part II of the Luxembourg law dated 10th July, 2005 on prospectuses for securities, as amended from time to time and implementing the Prospectus Directive, (the "**Luxembourg Prospectus Law**") if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
- (b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that a prospectus in relation to the Notes has been duly approved in accordance with the Prospectus Directive; or
- (c) the offer of Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus under the Luxembourg Prospectus Law, as amended from time to time.

### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented and agreed that:

- (a) 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 Financial Services and Markets Act ("**FSMA**") received by it in connection with the issue or the sale of any Notes in circumstances in which Section 21(1) of the FSMA does not or, would not if it were not an authorised person, apply to the relevant Issuer or the Guarantor, as the case may be; and
- (b) 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, INSPIRE or SEB in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14th May, 1999 (as amended from time to time) ("**Regulation No. 11971**") ; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 and Legislative Decree No. 385 of 1st September, 1993, as amended (the "**Banking Act**");
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## **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 U.S. dollars, or if denominated in a currency other than euro or U.S. 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.

## **Hong Kong**

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**"), other than (a) to "**professional investors**" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under that Ordinance.

## People's Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly in the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) as part of the initial distribution of the Notes.. This Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

## Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter. 289 of Singapore (the "SFA") and accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations.

*Certain Restrictions applicable to Notes issued in Singapore dollars:*

Notes issued in Singapore dollars by a person carrying on a deposit-taking business with a maturity period of less than 12 months and a denomination of less than S\$200,000 would be treated as deposits for the purposes of the Banking Act, Chapter 19 of Singapore (the "**Singapore Banking Act**"), unless the Notes are issued to certain persons, including either:

- (a) an individual whose total net assets exceeds S\$2 million (or equivalent in foreign currency) at the time of subscription or whose income in the 12 months preceding the time of subscription exceeds S\$300,000 (or equivalent in foreign currency); or
- (b) a company whose net assets (as determined by the last audited-balance sheet of the company) exceeds S\$10m (or equivalent in foreign currency) at the time of subscription.

In addition, even where Notes issued in Singapore dollars with a denomination of less than S\$200,000 are not treated as deposits for the purposes of the Singapore Banking Act, certain additional information is required to be furnished by an issuer which is carrying on a deposit-taking business. In such case, please refer to the relevant Final Terms for such further information.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**") and, accordingly, each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake, 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.

### **France**

Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

### **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, distributes or publishes this Prospectus or any Final Terms or any related offering material, 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 to listing, trading and/or quotation by such one or more competent 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 this Prospectus 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 a supplement to this document.

## GENERAL INFORMATION

### **Listing, Approval 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 are admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system as the Issuer(s) and the relevant Dealer(s) may agree or which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

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; and (ii) an Attestation Certificate. At the date hereof, the Issuers have requested the CSSF to send an Attestation Certificate and copy of this Prospectus to the Central Bank of Ireland 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 and of the Management Board of Intesa Sanpaolo passed on 18th June, 2007. 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. The addition of SEB as an Issuer under the Programme was authorised by a resolution of the Board of Directors of SEB passed on 19th October, 2011. Each of Intesa Sanpaolo, INSPIRE and SEB 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 from pages 98 to 106, none of the Issuers, the Guarantor or 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) or, as the case may be, SEB (where SEB is the Issuer), is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

### **Auditors**

Reconta Ernst & Young S.p.A. have audited Intesa Sanpaolo's consolidated annual financial statements, without qualification, in accordance with generally accepted auditing standards in Italy as at and for the year ended 31st December, 2011. Reconta Ernst & Young S.p.A., is a member of Assirevi, the Italian professional association of auditors and is 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.

The mandate of Reconta Ernst & Young S.p.A. was granted in 2006 and expired with the approval of the consolidated annual financial statements as of 31st December, 2011. At the annual general shareholders' meeting of Intesa Sanpaolo held on 10th May, 2011, KPMG S.p.A. was appointed to act as Intesa Sanpaolo's external auditor for the period 2012-2020.



As of 28th May, 2012, the auditors of Intesa Sanpaolo are KPMG S.p.A., who are members of Assirevi, the Italian professional association of auditors and are registered under No. 13 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. 70623 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27th January, 1992.

From 4th April, 2007 to 24th April, 2012, the auditors of INSPIRE were Ernst & Young Chartered Accountants, who are members of the ICA (Institute of Chartered Accountants in Ireland) and have audited the unconsolidated annual financial statements of INSPIRE, without qualification, in accordance with International Standards on Auditing (UK and Ireland) as at and for the years ended 31st December, 2010 and 2011.

As of 25th April, 2012, the auditors of INSPIRE are KPMG, who are registered auditors with the Institute of Chartered Accountants in Ireland.

From 1st January, 2003 to 31st December, 2011, the auditors of SEB were Ernst & Young S.A., who are registered as a corporate body with the official table of company auditors drawn up by the Luxembourg Ministry of Justice and are members of the Luxembourg Institute of Auditors (*Institut des Réviseurs d'Entreprises*) and have audited the annual financial statements of SEB, without qualification, in accordance with generally accepted auditing standards in Luxembourg as at and for the years ended 31st December, 2010 and 2011. Ernst & Young S.A. is approved by the CSSF in the context of the law dated 18th December, 2009 relating to the audit profession.

As of 1st January, 2012, the approved statutory auditors (*réviseur d'entreprises agréé*) of SEB are KPMG Luxembourg S.à r.l., Cabinet de révision agréé, who are members of the Institut des Réviseurs d'Entreprises.

#### **No significant change and no material adverse change**

Since 31st December, 2012 there has been no material adverse change in the financial position or situation or the prospects of the Issuers and, since 30th June, 2013 (in the case of Intesa Sanpaolo), 30th June, 2013 (in the case of INSPIRE) or 31 December 2012 (in the case of SEB), there has been no significant change in the financial position of the Intesa Sanpaolo Group.

#### **Material contracts**

None of Intesa Sanpaolo, INSPIRE, SEB 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, the following documents (translated into English, where applicable) 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 information incorporated herein or therein by reference;
- (b) a certified copy of the constitutive documents of Intesa Sanpaolo, INSPIRE and SEB;
- (c) the Agency Agreement;
- (d) the Trust Deed (incorporating a form of the Deed of Guarantee by Intesa Sanpaolo in respect of payment of amounts due in relation to Notes issued by INSPIRE or SEB, and any further issuer that may be appointed from time to time under the Programme);
- (e) the Dealer Agreement;
- (f) the Operating & Administrative 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 nor 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);
- (h) any Deed of Guarantee relating to Notes which are listed on any stock exchange (save that a Deed of Guarantee relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area nor 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
- (i) any supplemental agreement prepared and published in connection with the Programme.

In addition, copies of this Prospectus, any supplements to this Prospectus, each Final Terms relating to the Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market 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 19-21 Boulevard du Prince Henri, Luxembourg, Grand Duchy of Luxembourg and at the registered offices of the Issuers and the Guarantor:

- (a) the audited consolidated annual financial statements of Intesa Sanpaolo as at and for the years ended 31st December, 2011 and 2012;
- (b) the audited annual financial statements of INSPIRE as at and for the years ended 31st December, 2011 and 2012;
- (c) the audited annual financial statements of SEB as at and for the years ended 31st December, 2011 and 2012;
- (d) the most recent annual or unaudited 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, 2013; and
- (e) the most recent annual or interim financial information of INSPIRE published from time to time (whether audited or unaudited), commencing with its unaudited unconsolidated half-yearly financial information as at and for the six months ended 30th June, 2013.

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

INSPIRE and SEB do not currently publish 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 except to the extent required by any applicable laws and regulations.

### **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 officer responsible for preparing Intesa Sanpaolo's financial reports**

The officer responsible for preparing the company's financial reports, Ernesto Riva, declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance<sup>5</sup> that the accounting information contained in this Prospectus corresponds to Intesa Sanpaolo's documentary results, books and accounting records.

#### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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<sup>5</sup>Legislative Decree No. 58 of 24th February, 1998, as amended and supplemented from time to time

## ANNEX 1 FURTHER INFORMATION RELATED TO INFLATION LINKED NOTES

The Issuers can issue Notes which are linked to an Inflation index pursuant to the Programme, where the underlying index is either (i) the CIP, (ii) the U.K. Retail Price Index (RPI) (all items) published by the Office of National Statistics ("**RPI Linked Notes**") or (iii) the Non-revised index of Consumer Prices excluding tobacco, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat (HICP) ("**HICP Linked Notes**"). The following information provides a clear and comprehensive explanation to prospective investors about how the value of the Inflation Linked Notes is affected by the value of the underlying index.

### **"CPI" or "ITL" – Inflation for Blue Collar Workers and Employees - Excluding Tobacco**

Consumer Price Index Unrevised" means, subject to the Conditions, the "Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI), senza tabacchi" as calculated on a monthly basis by the ISTAT - Istituto Nazionale di Statistica (the Italian National Institute of Statistics) (the "**Index Sponsor**") which appears on Bloomberg Page ITCPIUNR (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying the level of such index), provided that for the purposes of the calculation of the Rate of Interest and the Final Redemption Amount, the first publication or announcement of a level of the Index (excluding estimates) by the Index Sponsor for a given month shall be final and conclusive and later revisions of the level for such month will not be used in any calculations.

### **UK Retail Price Index**

The U.K. Retail Prices Index (the "**RPI**") is the most familiar general purpose domestic measure of inflation in the UK. The RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

RPI is compiled by the UK Office of National Statistics (the "**ONS**") using a large and representative selection of approximately 650 separate goods and services for which price movements are regularly measured in approximately 150 areas throughout the UK. Approximately 120,000 separate price quotations are used each month in compiling the RPI. The UK Government uses the RPI for its own existing inflation-linked Notes. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes a couple of weeks for the ONS to compile the index, so they publish each month's RPI figure during the following month, i.e. the figure relating to February will be published in March. The RPI figures used in the calculation of interest payments on the RPI Linked Notes and the amount due to be repaid on the RPI Linked Notes at redemption are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

More information on the RPI, including past and current levels, can be found at [www.statistics.gov.uk](http://www.statistics.gov.uk).

### ***RPI Linked Notes***

An RPI Linked Note is a type of Note where the interest payable and the nominal amount of the Note are both adjusted in line with the RPI. This means that both the interest amounts paid periodically and the principal required to be paid on redemption of the RPI Linked Note are adjusted to take account of changes in the RPI since the specified reference date for calculating the RPI (i.e. the index fixing date, as described below).

To calculate the RPI adjustment, two RPI 'fixing' figures are required – one that relates to the start of the Note's life (the "**Base RPI**") and one that relates to the relevant payment date. The real rate of interest offered on RPI Linked Notes (i.e. the rate before taking inflation into account) is fixed when the RPI Linked Notes are issued.

### ***Interest on RPI Linked Notes***

The interest amount due on each interest payment date of a RPI Linked Note will be adjusted to take into account the change in inflation between the Base RPI figure and the RPI figure relating to the relevant interest payment date, and is calculated using the following simple formula:

Specified Denomination x Real Rate of Interest x Day Count Fraction x (RPI relating to the relevant interest payment date/ Base RPI)

### ***Redemption of RPI Linked Notes***

Assuming that the relevant Issuer is able to pay its debts in full and the RPI Linked Notes are not otherwise redeemed or purchased and cancelled in accordance with the Conditions, RPI Linked Notes will be repaid on their maturity date at their nominal amount, plus/less an additional amount reflecting any increase/decrease in the RPI between the Base RPI figure and the RPI figure relevant to the payment date. The redemption amount will be calculated at a specified time prior to the maturity date, unless a maximum or minimum redemption amount is otherwise specified. Where the RPI figure relevant to the payment date is lower than the Base RPI, investors will receive less than the nominal amount of the RPI Linked Notes on the maturity date if no minimum redemption amount is specified, or if the minimum redemption amount is specified at an amount lower than the nominal amount.

The redemption amount due will be calculated as follows, unless a maximum or minimum redemption amount is specified:

Nominal Amount x [RPI figure relating to the maturity date / Base RPI]

### **Eurostat Eurozone Harmonised Indices of Consumer Prices excluding Tobacco Unrevised Series Non Seasonal Adjusted**

The Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP), as calculated and published by EUROSTAT and the national statistical institutes in accordance with harmonised statistical methods (the "**HICP**") is an economic indicator constructed to measure the changes over time in the prices of consumer goods and services acquired by households in the Eurozone. Following the Maastricht Treaty, the HICPs have been used as convergence criteria and the main measure for monitoring price stability by the European Central Bank in the Euro area, as well as for use on international comparison.

HICP is the aggregate of the Member States' individual harmonised index of consumer prices excluding tobacco ("**Individual HICP**"). Each country first publishes its Individual HICP in conjunction with its consumer price index. Thereafter, Eurostat aggregates the Individual HICPs and publishes an HICP for the Eurozone, as well as a breakdown by item and by country. In any specific year, each country's weight in the HICP for the Eurozone equals the share that such country's final household consumption constitutes within that of the Eurozone as a whole for the year that is prior to that specified year. These weights are re-estimated every year in the January publication of the HICP.

HICP is said to be harmonised because the methodology and nomenclatures for the index of prices are the same for all of the countries in the Eurozone and the European Union. This makes it possible to compare inflation among different Member States of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.

HICP is calculated as an annual chain-index, which makes it possible to change the weights every year. This also makes it possible to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in a specific year, it is included in the Eurozone HICP starting from January of that year. The new Member State's weight is included in the annual revaluation of the HICP.

HICP is published every month on Eurostat's internet site, according to a pre-determined official timetable. Publication generally occurs around the 14th – 16th day of the following month. If a revision is made, it is published with the HICP of the following month.

### ***Base Year Change***

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. Since 2006, the index reference period has been set to 2005 = 100. In order to obtain a common price reference period, too, the weights for each year are "price updated" to December of the previous year.

More information on the HICP, including past and current levels, can be found at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>

### ***HICP Linked Notes***

A HICP Linked Note is a type of Note where the interest payable and the nominal amount of the Note are both adjusted in line with the HICP. This means that both the interest amounts paid periodically and the principal required to be paid on redemption of the HICP Linked Note are adjusted to take account of changes in the HICP since the specified reference date for calculating the HICP (i.e. the index fixing date, as described below).

To calculate the HICP adjustment, two HICP 'fixing' figures are required – one that relates to the start of the Note's life (the "**Base HICP**") and one that relates to the relevant payment date. The real rate of interest offered on HICP Linked Notes (i.e. the rate before taking inflation into account) is fixed when the HICP Linked Notes are issued.

### ***Interest on HICP Linked Notes***

The interest amount due on each interest payment date of a HICP Linked Note will be adjusted to take into account the change in inflation between the Base HICP figure and the HICP figure relating to the relevant interest payment date, and is calculated using the following simple formula:

Specified Denomination x Real Rate of Interest x Day Count Fraction x (HICP relating to the relevant interest payment date/ Base HICP)

### ***Redemption of HICP Linked Notes***

Assuming that the relevant Issuer is able to pay its debts in full and the HICP Linked Notes are not otherwise redeemed or purchased and cancelled in accordance with the Conditions, HICP Linked Notes will be repaid on their maturity date at their nominal amount, plus/less an additional amount reflecting any increase/decrease in the HICP between the Base HICP figure and the HICP figure relevant to the payment date. The redemption amount is calculated at a specified time prior to the maturity date, unless a maximum or minimum redemption amount is otherwise specified. Where the HICP figure relevant to the payment date is lower than the Base HICP, investors will receive less than the nominal amount of the HICP Linked Notes on the maturity date if no minimum redemption amount is specified, or if the minimum redemption amount is specified at an amount lower than the nominal amount.

The redemption amount due will be calculated as follows, unless a maximum or minimum redemption amount is specified:

Nominal Amount x [HICP figure relating to the maturity date / Base HICP]

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