SUPPLEMENT DATED 15 SEPTEMBER 2014

TO THE BASE PROSPECTUS DATED 11 DECEMBER 2013

Intesa Sanpaolo S.p.A.

(*incorporated as a joint stock company under the laws of the Republic of Italy*)

€20,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme

unsecured and unconditionally and irrevocably guaranteed as to payments of interest and principal by

ISP CB Ipotecario S.r.l.

(*incorporated as a limited liability company under the laws of the Republic of Italy*)

IN ACCORDANCE WITH ARTICLE 7, PARAGRAPH 7, OF THE LUXEMBOURG LAW (AS DEFINED BELOW), THE *COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER* ASSUMES NO RESPONSIBILITY AS TO THE ECONOMICAL AND FINANCIAL SOUNDNESS OF THE TRANSACTION AND THE QUALITY OR SOLVENCY OF THE ISSUER.

This supplement (the **Supplement**) constitutes a Supplement to the base prospectus dated 11 December 2013 (the **Base Prospectus**) for the purposes of Article 16 of Directive 2003/71/EC (the **Prospectus Directive**) and Article 13, paragraph 1, of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005, as subsequently amended, (the **Luxembourg Law**) and is prepared in connection with the Euro 20,000,000,000 covered bonds (*Obbligazioni Bancarie Garantite*) programme (the "**Programme**") of Intesa Sanpaolo S.p.A. (the **Issuer**), unconditionally and irrevocably guaranteed as to payments of interest and principal by ISP CB Ipotecario S.r.l. (the **Guarantor**).

This Supplement constitutes a Supplement to, and should be read in conjunction with, the Base Prospectus.

Capitalized terms used in this Supplement and not otherwise defined herein, shall have the same meaning ascribed to them in the Base Prospectus.

Each of the Issuer and the Covered Bond Guarantor accepts responsibility for the information contained in this Supplement, with respect to those sections which already fall under the responsibility of each of them under the Base Prospectus and which are supplemented by means of this Supplement. To the best of the knowledge of the Issuer and the Covered Bond Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and Luxembourg Law, as a supplement issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of updating the following

sections of the Base Prospectus: (i) "*Overview of the Programme*", (ii) "*Documents incorporated by reference*", (iii) "*General Description of the Programme*", (iv) "*Description of the Issuer*", (v) "*Description of the Covered Bond Guarantor*", (vi) "*Description of the Asset Monitor*", (vii) "*Description of the Transaction Documents*", (viii) "*Selected aspects of Italian law*", (ix) "*Terms and conditions of the Covered Bonds*", (x) "*Rules of the organisation of the Covered Bondholders*", (xi) "*Taxation*", (xii) "*General Information*" and (xiii) "*Glossary*".

In accordance with Article 16, paragraph 2, of the Prospectus Directive and Article 13, paragraph 2, of the Luxembourg Law, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable on the date falling two working days after the publication of this Supplement (being 17 September 2014), to withdraw their acceptances.

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

Copies of this Supplement and all documents incorporated by reference in this Supplement and in the Base Prospectus may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent and of the Representative of the Covered Bondholders.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

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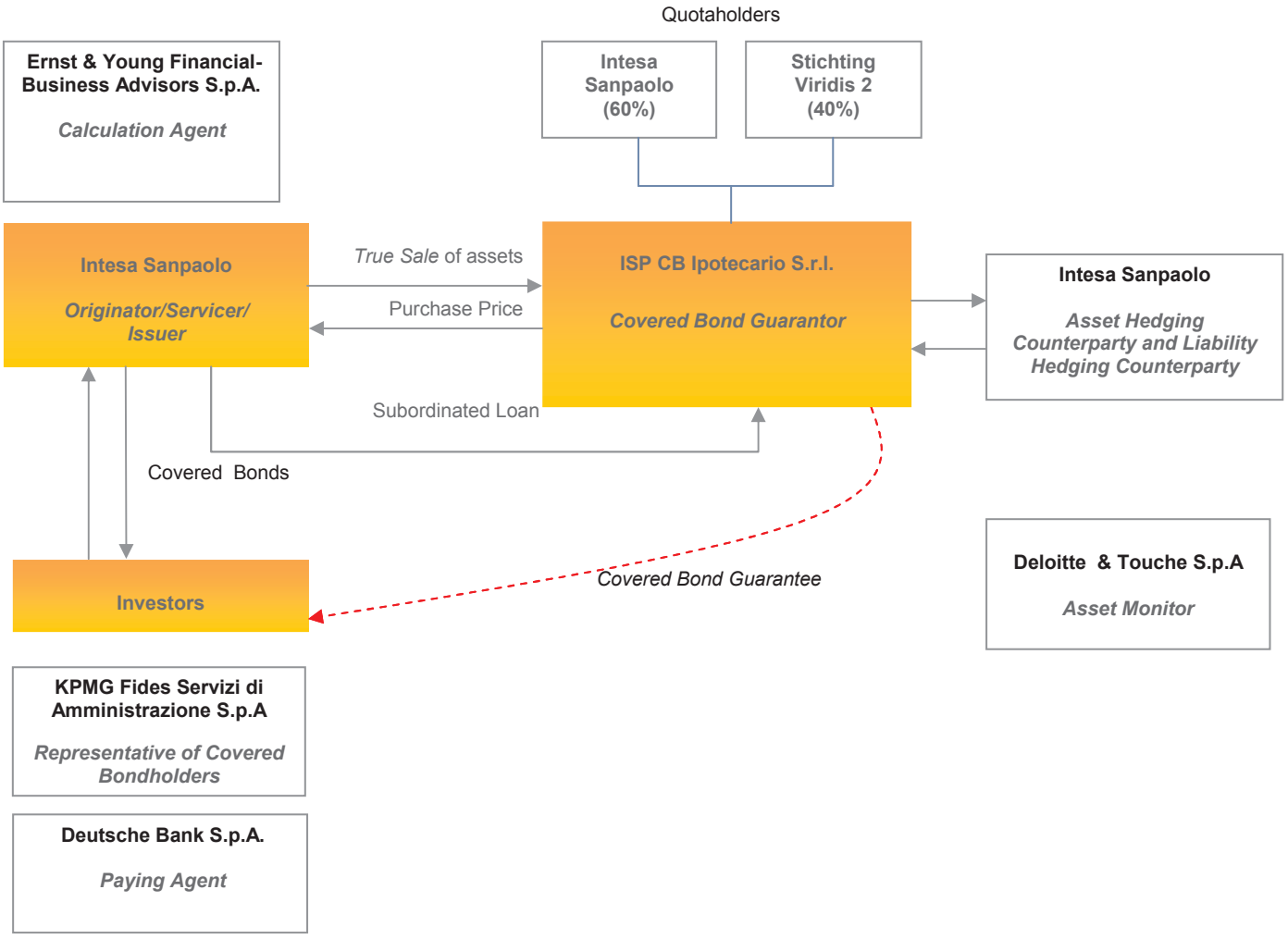
OVERVIEW OF THE PROGRAMME

The paragraph entitled "*Structure Diagram*" on page 39 of the Base Prospectus, is replaced by the following:



DOCUMENTS INCORPORATED BY REFERENCE

Under section "*Documents incorporated by reference*", on page 43 of the Base Prospectus, the following items are included at the end of the first paragraph, after item (j) thereof (and the dot at the end of item (j) shall be substituted by a semi-colon):

"(k) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on and as at 31 December 2013;

(l) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014, with auditors' limited review report;

(m) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2013;

(n) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the year ended on 31 December 2013;

(o) the Covered Bond Guarantor's unaudited interim condensed financial statements in respect of the half-year 2014;

(p) the Covered Bond Guarantor's auditors' review report in respect of the half-year 2014."

* * *

Under section "Documents incorporated by reference", the third paragraph, on page 43 of the Base Prospectus, is replaced by the following:

"Copies of documents incorporated by reference into this Base Prospectus may be obtained from the registered office of the Issuer or, for the audited consolidated annual financial statements of the Issuer as at and for the years ended on 31 December 2011, 31 December 2012 and 31 December 2013, the auditor's report for the Issuer for the financial year ended on 31 December 2011, 31 December 2012 and 31 December 2013, the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2013, the Issuer's unaudited condensed consolidated interim statement as at 30 September 2013 and the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014 on the Issuer's website (www.group.intesasanpaolo.com/scriptIsir0/si09/investor_relations/eng_bilanci_relazioni.jsp). This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (http://www.bourse.lu)."

* * *

Under the "*Cross-reference List*" paragraph, on page 43 of the Base Prospectus, the following table is included after the table headed "*Intesa Sanpaolo interim statement as at 30 September 2013*":

"**Audited annual consolidated financial statements of the Issuer (Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1.)**

Audited annual financial statements of the Issuer	**2013**

Consolidated Balance Sheet	Pages 158-159
Consolidated Income Statement	Page 160
Statement of consolidated comprehensive income	Page 161
Changes in consolidated shareholders' equity	Page 162
Consolidated Statement of Cash Flow	Page 163
Notes to the Consolidated Financial Statements	Pages 167-433
Independent Auditors' Report	Pages 436-437

Audited annual financial statements of the Covered Bond Guarantor for the year ended on 31 December 2013 (Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1.)

Audited annual financial statements of the Covered Bond Guarantor	**2013**
Statement of financial position	Page 26-27
Income Statement	Page 28
Statement of comprehensive income	Page 29
Statements of changes in shareholders' equity	Page 30
Statement of cash flows	Page 31
Notes to the financial statements	Page 33-63
Report of the auditors	Separate document

Intesa Sanpaolo half-yearly report as at and for the six months ended 30 June 2014

Unaudited half-year condensed consolidated financial statements	***Page number(s)***
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Covered Bond Guarantor half-yearly report as at and for the six months ended 30 June 2014

Unaudited half-year condensed financial statements	*Page number(s)*
Statement of financial position	13-14
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Indipendent Auditors' Report	Separate document

"

GENERAL DESCRIPTION OF THE PROGRAMME

Under paragraph 1 ("*Principal Parties*"), on pages 48 and 49 of the Base Prospectus, the description of the Calculation Agent is replaced with the following:

Calculation Agent	Ernst & Young Financial-Business Advisors S.p.A., a joint stock company, incorporated under the laws of the Republic of Italy, whose registered office is at Via F. Wittgens, 6 - 20123 Milan, Italy with Fiscal Code, VAT number and registration with the Milan Register of Enterprises no. 13221390159, in its capacity as calculation agent under the Cash Management and Agency Agreement (the **Calculation Agent**), in order to perform certain calculations and conduct certain tests pursuant to the Transaction Documents.

* * *

Under paragraph 1 ("*Principal Parties*"), on page 49 of the Base Prospectus, the description of the "*Swap Service Providers*" is included after the description of the Rating Agency:

Swap Service Providers	Intesa Sanpaolo, ISGS and any other party (each, a **Swap Service Provider**) that has entered or will enter, from time to time, into a Swap Service Agreement.

* * *

Under paragraph 5 ("*The Transaction Documents*"), on page 75 of the Base Prospectus, the description of the "ISP Mandate Agreement" and "ISGS Mandate Agreement" is included after the description of "Swap Agreements":

ISP Mandate Agreement	By a mandate agreement entered into on 28 February 2014 between Intesa Sanpaolo, as Swap Service Provider, and the Covered Bonds Guarantor, Intesa Sanpaolo has agreed to provide the Covered Bonds Guarantor with certain services due under the Swap Agreement pursuant to the EMIR Regulation (the **ISP Mandate Agreement**).
ISGS Mandate Agreement	By a mandate agreement entered into on 16 December 2013 between ISGS, as Swap Service Provider, and the Covered Bonds Guarantor, Intesa Sanpaolo has agreed to provide the Covered Bonds Guarantor with certain services due under the Swap Agreements pursuant to the EMIR Regulation (the **ISGS Mandate Agreement**).

DESCRIPTION OF THE ISSUER

The paragraph entitled "*Share Capital*" on page 77 of the Base Prospectus is replaced by the following:

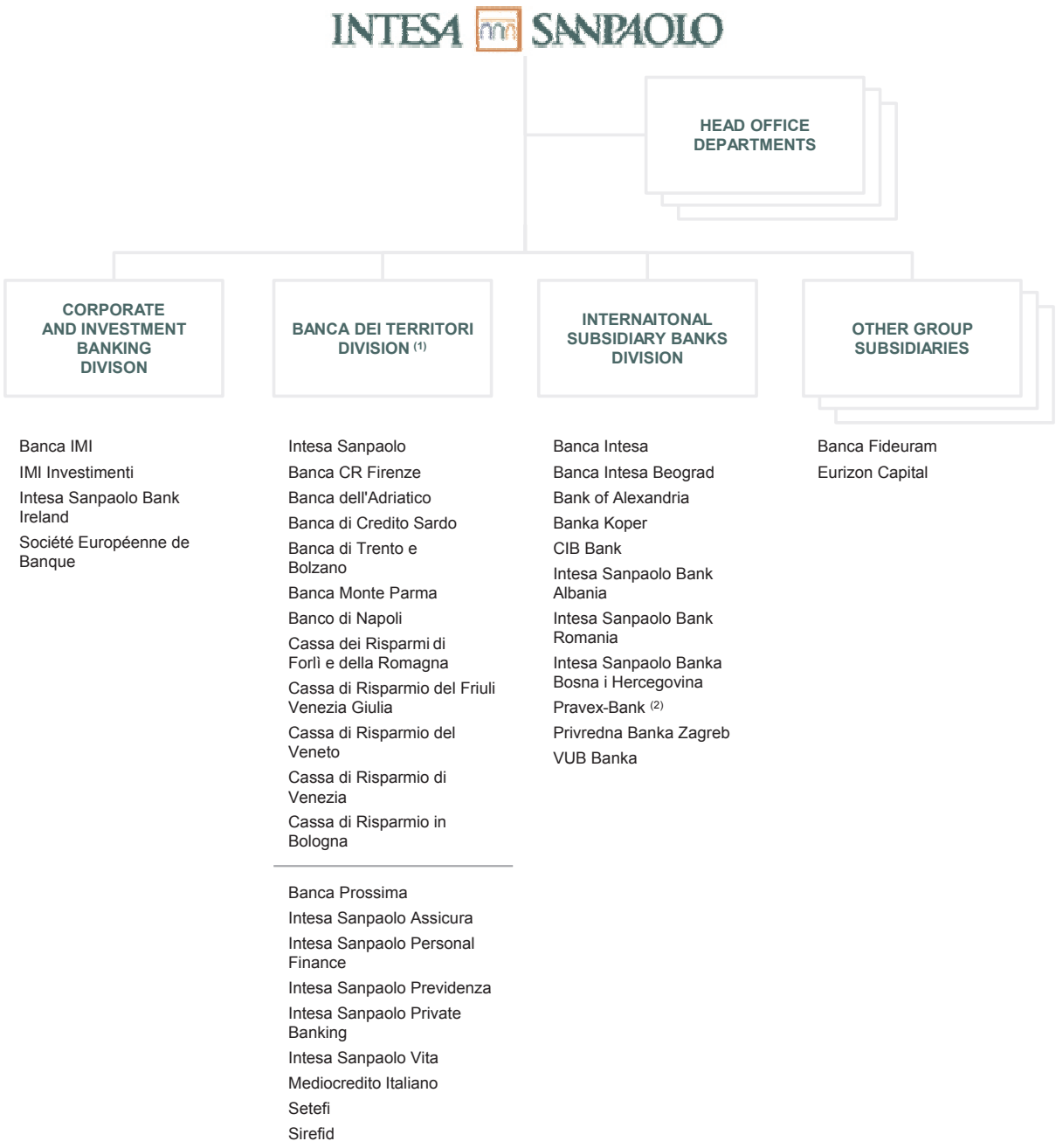
"**Share Capital**

As at 1 July 2014, Intesa Sanpaolo's issued and paid-up share capital amounted to €8,553,821,316.56, divided into 16,449,656,378 shares with a nominal value of €0.52 each, in turn comprising 15,517,165,817 ordinary shares and 932,490,561 non-convertible savings shares."

* * *

The paragraph entitled "*Organisational Structure*" at page 78 and 79 of the Base Prospectus is replaced by the following:

"Organisational Structure



(1) Domestic commercial banking
(2) In January 2014 an agreement was signed for the sale of 100% of Pravex-Bank. Finalisation of the transaction is subject to regulatory approval

The Intesa Sanpaolo Group is an Italian and European banking and financial services leader, 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:

1. **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 and medium-sized businesses and non-profit entities. Private banking, bancassurance, industrial credit leasing and factoring are also part of this division.

2. **Corporate & 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 29 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.

3. **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 Croazia, 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.

4. **Eurizon Capital** – this is the Group's asset management company with approximately 183 billion euro of assets under management.

5. **Banca Fideuram** – this is the Group's company specialised in asset gathering with 5,067 private bankers and 96 domestic branches."

* * *

The paragraphs entitled "*Intesa Sanpaolo in the last two years*", "*Sovereign risk exposure*", and "*Recent Events*" on page from 80 to 84 of the Base Prospectus are replaced by the following:

"**Intesa Sanpaolo in 2013 and 2014**

On 11 April 2013, Intesa Sanpaolo and the Trade Unions signed an agreement to facilitate the exit of a further 600 employees. The agreement envisaged the possibility for employees who at that date had met the A.G.O. pension requirements, or who would do so by 31 December 2013, to retire on 1 July 2013, or subsequently to that date upon meeting the requirements, up until 31 December 2013. Furthermore, employees who meet the pension requirements by 30 September 2017 are offered the possibility of using the Solidarity Allowance for a maximum period of 36 months.

On expiry of the time limits for joining the exit agreement, 252 employees had accepted it; of these, 97 already met the minimum retirement requirements or would meet them by the end of 2013, while 155 accessed the Solidarity Allowance.

A supplemental agreement was signed on 2 July 2013, in compliance with the provisions set out in the Agreement of 11 April 2013, and in order to achieve the objectives pursued, expanding the group of employees eligible for the Solidarity Allowance. Employees wishing to take advantage of this exit option could apply for the scheme by 16 September 2013.

A subsequent agreement of 8 October 2013 extended the deadline from 16 September to 31 October 2013.

At the end of this second round, the proposal had been accepted by a further 201 persons.

The cost of the exit incentive and of supporting the early retirement of these employees was approximately 66 million euro (before discounting and before taxes), which were charged to the income statement for 2013.

At the beginning of July, Intesa Sanpaolo launched a bid to purchase its senior notes. The transaction allowed optimisation of the Bank's liabilities profile, reducing excess amounts and modifying the related timing distribution. With an offer of 2,247 million euro, the final total of notes delivered was 1,493 million euro, corresponding to a total purchase amount of 1,510 million euro. As a consequence of the buyback finalisation, the Intesa Sanpaolo Group registered a positive contribution in the year, including the positive impact of the unwinding of interest rate derivatives, of approximately 106 million euro gross (71 million euro net of the tax effect).

In August, Intesa Sanpaolo carried out an exchange of existing subordinated notes (exchange offer) with newly issued Tier 2 subordinated notes in euro, with maturity on 13 September 2023. The transaction was finalised on 13 September. At the end of the offer, the aggregate nominal value of the notes offered by the holders and accepted for the exchange was 1,428 million euro. Consequently, as at the settlement date, Intesa Sanpaolo issued an aggregate nominal value of new notes amounting to 1,446 million euro. As a consequence of finalisation of the exchange, the Intesa Sanpaolo Group registered a positive contribution of 87 million euro to its pre-tax income and of 58 million euro to its net income in the third quarter of 2013.

On 24 September 2013, Telco's shareholders entered into an agreement amending the shareholders' agreement relating to Telco for the purposes of recapitalising and refinancing the company. The overall impact of the investment in Telco in the 2013 consolidated income statement of Intesa Sanpaolo was thus negative in the amount of 80 million euro.

On 15 October, the Management Board of Intesa Sanpaolo adopted the following detailed action plan in favour of Alitalia: first, to subscribe to the increase in the share capital of the Company for an amount of 26 million euro (proportionate to Intesa Sanpaolo's stake in Alitalia); second, to guarantee the underwriting of up to 50 million euro of any unsubscribed shares subject to certain conditions, which later occurred; third, to grant an advance of up to 50 million euro under the aforementioned underwriting commitment. In the 2013 financial statements of the Intesa Sanpaolo Group, in the light of the current complex situation of the sector, marked by a high degree of uncertainty, it was deemed appropriate to value the stake with a prudential approach, pending developments in the current negotiations. Consequently, impairment of about 61 million euro was recognised, as well as losses of 35 million euro, both certain and estimated on the basis of the available data. The increase in the share capital was completed in December 2013, and totalled 300 million euro, with the entry of new shareholders (Poste Italiane, Unicredit, Percassi Group). Intesa Sanpaolo's commitment to the capital increase was 76 million euro. Furthermore, in February 2013, Intesa Sanpaolo had subscribed for a portion (approximately 16 million euro) in the subordinated convertible bond loan approved by the Shareholders' Meeting of Alitalia for a maximum amount of 150 million euro and subscribed by the shareholders as to 95 million euro. As at 31 December 2013, the first expiry date for exercising the conversion option, Intesa Sanpaolo decided not to exercise this right. Following the subscription to the capital increase and conversion of the bond loan (not converted by Intesa Sanpaolo), the interest held by Intesa Sanpaolo comes to 20.59% (19.21% directly and 1.38% through Ottobre 2008). As part of the same financing transaction, on 3 December 2013 the Management Board approved the extension of short-term credit facilities, commitments and derivatives commitments of approximately 250 million euro through 30 June 2015, whereas on

28 January 2014 it then approved a loan of 70 million euro as part of a pool transaction of a total of 165 million euro. This financing transaction, including equity and debt, was aimed at allowing a new industrial investor to be identified. Since last spring, Intesa Sanpaolo has been engaged in negotiations in view of a partnership and merger agreement between Alitalia and Etihad Airways. To that end, subject to the successful completion of the ongoing negotiations, Intesa Sanpaolo has indicated its willingness to support the transaction by granting new lines of credit and guaranteeing its participation, to the extent of its involvement, with an equity commitment of a maximum of 300 million euro.

Based on a prudent assessment of the current situation of Alitalia and of the commitments undertaken, Intesa Sanpaolo has, in the Half-yearly Report: (i) fully written down the residual carrying amount of the investment (38 million euro); (ii) established provisions for risks and charges of 30 million euro for losses that the company is suffering; (iii) adjusted cash loans, currently equal to approximately 160 million euro, for an amount of 119 million euro. The impact on the half-yearly income statement amounted to 188 million euro, before tax.

On 11 November, Intesa Sanpaolo completed the sale of approximately 21 million ordinary shares in Assicurazioni Generali, corresponding to approximately 1.3% of this company's share capital, at a price of 16.60 euro per share in an accelerated bookbuilt offering. The total consideration was approximately 348 million euro, yielding for Intesa Sanpaolo a positive contribution to its consolidated net income of approximately 63 million euro. By completing this transaction, Intesa Sanpaolo sold its entire stake in Assicurazioni Generali, reporting for the fourth quarter a positive contribution to consolidated net income of approximately 82 million euro. The total contribution of this stake to net income for 2013, which takes into account the impairment of 58 million euro recognised in the half-yearly report as at 30 June, was about 24 million euro.

On 2 December 2013, Intesa Sanpaolo (jointly with other shareholders) executed with Fondo Strategico Italiano, F2i SGR and Orizzonte SGR sale-and-purchase agreements concerning the sale of 59.3% of the share capital of SIA (28.9% of which is held by the Intesa Sanpaolo Group). The price was determined on the basis of a valuation of 100% of the SIA capital equal to 765 million euro; the transaction was completed on 28 May 2014. The Intesa Sanpaolo Group's consolidated net income has recorded a positive contribution of approximately €170 million from the transaction.

Again in December, the third amending agreement was signed in respect of the existing agreements between the company Carlo Tassara S.p.A. and the lending banks as part of a restructuring plan to enable the company to better enhance the assets under disposal, the proceeds of which will be used to repay its financial debt. With regard to the overall gross exposure towards Carlo Tassara, Intesa Sanpaolo recognised a 497 million euro adjustment (including 67 million euro recognised in the 2013 financial statements), considered suitable to cover the Bank's total exposure.

Finally, on 16 May 2013 EBA recommended supervisory authorities to conduct asset quality reviews on major EU banks, the objective being to review the banks' classifications and valuations of their assets so to help dispel concerns over the deterioration of asset quality due to macroeconomic conditions in Europe. On 23 October 2013, the ECB announced that, together with the national competent authorities responsible for conducting bank supervision, it would carry out a comprehensive assessment of the banking system, pursuant to the regulations on the Single Supervisory Mechanism (EU Council Regulation no. 1024/2013 of 15 October 2013) that became effective on 3 November 2013. This activity will take place during 2014 and will involve the major European banks, including the Intesa Sanpaolo Group.

As to important events after the close of the year 2013, we report that on 23 January 2014 Intesa Sanpaolo signed an agreement concerning the sale of 100% of the capital of its Ukrainian subsidiary Pravex-Bank to CentraGas Holding Gmbh for a consideration of 74 million euro.

Finalisation of the transaction is subject to regulatory approval being obtained and is expected to take place within the next few months. As a result, the consolidated income statement will record a negative contribution of 38 million euro after tax (calculated on the basis of the subsidiary's shareholders' equity as at 31 December 2013), plus, at the time of finalising the transaction, the effect of the release of foreign exchange differences from the related valuation reserve, which will be negative in the amount of 60 million euro. The evidence of a transaction price lower than the carrying amount, which constitutes an impairment indicator, led to recognition of the loss already in the 2013 financial statements, with the exception of the effect linked to the exchange rate reserve, for which IAS 21 requires recognition in the income statement only at the time of disposal.

Furthermore, the Intesa Sanpaolo Group has signed a binding memorandum of understanding concerning the sale of the stake held by subsidiary Intesa Sanpaolo Vita in the Chinese insurance company Union Life (representing 19.9% of the latter's capital) for a consideration of 146 million euro. This transaction will generate a positive contribution of approximately 30 million euro after tax to the consolidated income statement. It is subject to prior authorisation being obtained from local supervisory bodies.

On 6 March, Intesa Sanpaolo completed the sale of approximately 7 million ordinary shares held in Pirelli & C., corresponding to approximately 1.5% of the Company's voting share capital and representing the entire stake held. The sale was made at a price of 12.48 euro per share in an accelerated bookbuilt offering.

The total value was 89.3 million euro, representing a positive contribution to consolidated net income for Intesa Sanpaolo of approximately 55 million euro recognised in the income statement of the first quarter of 2014.

On 30 June, following the approval obtained at the shareholders' meeting of NH Hotel Group S.A. (formerly NH Hoteles S.A., hereinafter "NH") on June 26th 2014 regarding the capital increase reserved for Intesa Sanpaolo through the issue of 42,000,000 new ordinary shares of NH at a price of 4.70 euro per share, Intesa Sanpaolo executed the capital increase by contributing its entire shareholding owned in NH Italia S.p.A., representing 44.5% of the latter's share capital, to NH. Intesa Sanpaolo's consolidated net income has recorded a positive contribution of 47 million euro from the transaction.

On 16 June 2014, Assicurazioni Generali, Intesa Sanpaolo and Mediobanca exercised the right to request the demerger of Telco, under the terms of its shareholders' agreement. On 26 June 2014, the Board of Directors of Telco and, subsequently, on 9 July, the shareholders' meeting of Telco approved the proposed partial non-pro rata demerger of the company. Telco will continue to exist with a minimal share capital and with no Telecom Italia shares held, in order to deal with the remaining assets and liabilities on the balance sheet. The company will then be placed in liquidation once this phase is complete. In this context, also in occasion of the 2014 Half-yearly Report, the investment was valued by considering the Telecom shares at their market price as at 30 June 2014, equal to 0.925 euro. This valuation resulted in a recovery on the investment of 25 million euro, which net of the pro rata amount of losses recorded by the company, equal to 3 million, brings the new carrying amount of the investment to 22 million euro.

On 10 July, Nuove Partecipazioni S.p.A. ("NP"), Intesa Sanpaolo S.p.A. ("ISP"), UniCredit S.p.A. ("UC"), Clessidra SGR S.p.A., on behalf of Fondo Clessidra Capital Partner II ("Clessidra"), and Long-Term Investments Luxembourg S.A., a company designated by Rosneft Oil Company, as investor in Camfin S.p.A. (the "Strategic Investor") finalised a transaction concerning Camfin S.p.A. by which the Strategic Investor purchased for a total consideration of 552.7 million euro: i) from Clessidra, the entire share capital of Lauro 54 and, therefore, the indirect stake representing 24.06% of Lauro 61/Camfin share capital; ii) from each of ISP and UC, a stake representing 12.97% of Lauro 61/Camfin share capital. Intesa Sanpaolo's

consolidated net income has recorded a positive contribution of 44 million euro from the transaction.

On 21 July 2014, Intesa Sanpaolo announced that its Hungarian subsidiary CIB Bank and the Group are impacted by a law approved in Hungary on 4 July 2014 and published on 18 July 2014, which regards the local banking sector. The enactment of this law entails a negative impact on the Intesa Sanpaolo Group's consolidated net income for the second quarter of 2014 of approximately €65 million, resulting from customer reimbursement in relation to the abolition, and the consequent retroactive correction, of the bid/offer spreads applied to retail foreign-currency loans."

* * *

The paragraph headed "*Management*", on page 84 of the Base Prospectus, is replaced by the following:

"Management

Supervisory Board

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

Member of Supervisory Board	**Position**	**Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities**
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 Prima Power Suzhou Co. Ltd
Gianluigi Baccolini	Member	Managing Director of Renografica S.r.l.
		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	Chairman of Seven Capital Partners S.r.l.
		Director of H7+ S.r.l.
Rosalba Casiraghi	Member	Chairman of the Board of Statutory Auditors of Non Performing Loans S.p.A.
		Chairman of the Board of Statutory Auditors of Nuovo Trasporto Viaggiatori S.p.A.
		Chairman of the Board of Statutory Auditors of

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities
		Telecom Italia Media S.p.A.
		Director of Luisa Spagnoli S.p.A.
		Director of Spa.Im S.r.l.
		Director of Spa.Pi S.r.l.
		Director of Spa.Ma S.r.l.
		Director of NH Hoteles S.A.
		Managing Director of Costruzione Gestione Progettazione - Co.Ge.Pro S.p.A.
Carlo Corradini	Member	Sole Director of Corradini & C. S.r.l.
		Director of PLT Energia S.p.A.
		Director of Value Investments S.p.A.
		Director of YLF S.p.A.
Franco Dalla Sega	Member	Chairman of Mittel S.p.A.
		Director of Profima S.A.
		Director of Diversa S.A.
		Director of British Grolux Investments Ltd.
Piergiuseppe Dolcini	Member	Director of Sinloc S.p.A.
Jean Paul Fitoussi	Member	Director of Telecom Italia S.p.A. Director of Pirelli S.p.A.
Edoardo Gaffeo	Member	
Pietro Garibaldi	Member	Chairman of Ruspa Office S.p.A.
Rossella Locatelli	Member	Member of Supervisory Committee of Darma Sgr *in compulsory liquidation*
		Chairman of Società Bonifiche Ferraresi SpA
Giulio Stefano Lubatti	Member	Chairman of the Board of the Statutory Auditors of Banco di Napoli S.p.A.
Marco Mangiagalli	Member	Director of Autogrill S.p.A.
		Director of Luxottica Group S.p.A.
Iacopo Mazzei	Member	Chairman and Managing Director of R.D.M. Asia
		Chairman and Managing Director of R.D.M. S.r.l.
		Managing Director of Residenziale Immobiliare 2004 S.r.l.
		Director of Silk Road Inv.
		Director of ADF Aeroporto di Firenze S.p.A.

Member of Supervisory Board	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities
		Director of Marchesi Mazzei S.p.A.
		Director of Finprema S.p.A.
		Sole Director of JM Investments 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 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 Industrial S.p.A.
		Member of the Board of the Statutory Auditors of Comau S.p.A.
		Official receiver of GIDIBI S.r.l. *in liquidazione*
		Official receiver of Cascina Gorino S.s. *in liquidazione*
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.

Director	**Position**	**Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities**
Gian Maria Gros-Pietro[(a)]	Chairman	Chairman of the Board of Directors of ASTM S.p.A. Director of Edison S.p.A.
Marcello Sala[(b)]	Senior Deputy Chairperson	
Giovanni Costa[(b)]	Deputy Chairperson	Director of Edizione S.r.l.
Carlo Messina[(b)(e)]	Managing Director and Chief Executive Officer	
Gaetano Micciché[(d)]	Member	Managing Director of Banca IMI S.p.A. Director of Pirelli & C. S.p.A. Director of Prada S.p.A.
Bruno Picca[(d)]	Member	Director of Intesa Sanpaolo Group Services S.C.P.A.
Giuseppe Morbidelli[(c)]	Member	Chairman of the Board of Directors of C.R. Firenze S.p.A.
Carla Patrizia Ferrari[(c)]	Member	Member of the Advisory Board of Ambienta SGR S.p.A.
Piera Filippi[(a)]	Member	
Stefano Del Punta[(d)]	Member	Director of Banca IMI S.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

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."

* * *

The paragraph entitled "*Principal Shareholders*" on page 88 of the Base Prospectus is replaced by the following:

"**Principal Shareholders**

As at 1 July 2014, 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	9.708%
BlackRock Inc (1)	775,978,889	5.001%
Fondazione Cariplo	767,029,267	4.943%
Fondazione C.R. Padova e Rovigo	659,451,562	4.250%
Ente C.R. Firenze	514,655,221	3.317%
Fondazione C.R. in Bologna	313,656,442	2.021%

(1) Fund Management

* * *

The paragraph entitled "*Legal Risks*" on page 88 of the Base Prospectus is replaced by the following:

"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 2013 financial year and the 2014 financial half-year as of 30 June 2014 are described below.

Dispute relating to anatocism

In 1999, the Italian Court of Cassation reversed its stance and found the quarterly capitalisation of interim interest payable on current accounts to be unlawful, assuming that the relevant clauses in bank contracts do not integrate the contract with a "regulatory" standard practice, but rather with a "commercial" practice, and therefore, such clauses are not adequate to derogate from the prohibition of anatocism pursuant to Art. 1283 of the Italian Civil Code.

The subsequent Legislative Decree 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 Sections on 2 December 2010, the Court of Cassation ruled that the ten-year statute of limitations applicable to account-holders' entitlement to reimbursement of capitalised interest debited on the current account begins to toll 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.

These principles have not always been uniformly applied by courts in the first and second instances. However, though with varying effectiveness based on the specific cases, they contribute to a general decrease in the claims for restitution put forward by account holders, especially when the claims relate to transactions far back in time.

In addition to this aspect, it must be noted that, though the overall number of pending lawsuits increased slightly due to the current economic situation, it remains at an 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.

Altroconsumo class action

In 2010, Altroconsumo, representing three account holders, brought a class-action suit seeking a finding of the unlawfulness of overdraft charges and the fee for overdrawing accounts without credit facilities, the latter of which had been adopted in 2009 as part of adjustments of contracts to the new rules imposed by lawmakers regarding bank fees. The suit also sought a finding that the "threshold rate" set out in the law on usury had been exceeded. By order of 28 April 2010, the Court of Turin declared the suit inadmissible. Following the complaint filed by the plaintiffs, the Torino Court of Appeal, by order of 16 September 2011, overturned the previous order, restricting the scope of the suit solely to account overdraft charges applied effective 16 August 2009. A total of 104 applications to join the suit were then filed within the terms set by the Court. The suit was resolved by the judgment filed on 10 April 2014, in which 101 of the 104 applications were found to be inadmissible due to formal irregularities of presentation or failure to meet consumer requirements by some of the applicants. On the merits, having rejected the claims regarding usury, the judgment finds that the account overdraft charge is void on the basis of the principle according to which, in the absence of a formal credit facility, an overdraft would not justify the application of additional costs to the account holder, given that no banking service requiring compensation has been provided in such cases. The decision will be appealed because it is founded upon an untenable interpretation of the statute concerned. At the level of the income statement, the judgment is of negligible significance: the few account holders admitted to the suit may lay claim to a total refund of approximately 1,200 euro. It bears clarifying that the contested fee was replaced, effective October 2012, by the expedited approval fee introduced by the Monti administration's Save Italy Decree.

Judicial and administrative proceedings involving the New York branch

During 2012 the criminal investigation instigated by the New York District Attorney's Office and the Department of Justice aimed at verifying the methods used for clearing through the United States of payments in dollars to/from countries embargoed by the US government in the years from 2001 to 2008, an update on which has been provided each year, was concluded in the Bank's favour in 2012.

As regards the transactions (the handling of bank transfers in dollars through the SWIFT interbank payments service, cleared through US banks), the Bank was also subject to assessments by the OFAC (Office of Foreign Assets Control), the authority of the United States Department of the Treasury responsible for foreign exchange control. As a result of these

assessments, the Bank agreed to pay a fine of 2.9 million euro due to the acknowledgement of the commission of a small number of administrative errors during the period 2004-2007.

The transactions in question remain subject to the scrutiny of the FED and the New York State Department for Financial Services. The related proceedings are still pending and, at present, it is not possible to forecast its outcome or assess the risk of penalties.

Intesa Sanpaolo (formerly Banca OPI, then 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 2004 by Banca OPI of a 250 million euro bond issued by the Municipality.

In its judgment of 27 April 2009, the Court declared the invalidity of the operation, ordering the Bank 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. The Court also ordered compensation for damages in favour of the Municipality, to be calculated by separate proceedings.

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

On 20 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:

(a) BIIS reimburse the sums paid by the Municipality of Taranto, plus legal interest;

(b) the Municipality of Taranto reimburse BIIS for the sums disbursed in execution of the bond loan, less amounts already paid, plus legal interest and currency appreciation;

(c) 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 well-known corporate operations, filed an appeal against this judgement before the Court of Cassation. The date of the hearing has not been set.

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 Bank 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 – albeit on an incidental basis – the appealed judgment was devoid of dispositional content and was thus incapable of undermining the Bank's credit claims.

The Bank 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 insolvency procedure entity, which claimed its own jurisdiction over managing the debt in question. In order to ascertain the illegitimacy of including the Bank's receivable in the insolvency procedures' list of debts and the lack of jurisdiction of the Extraordinary Liquidator, BIIS thus filed an extraordinary appeal to the President of the Republic, which is still pending.

The Bank 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.

By way of non-final ruling, the Court of Rome rejected the claims of lack of interest to sue, demurrer and estoppel, and ordered the continuation of the proceedings for the purpose of

drawing up a court-appointed expert's report, not only on amount but also on the cause of the alleged damages. Moreover, the court-appointed expert's report must be limited to the documents already filed in the records, as all the preclusions pertaining to the preliminary investigation have been applied, and should be confirmed by the Bank's stance that the Municipality of Taranto suffered no damages as a result of the loan from BIIS.

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 231/2001. In these proceedings, which are currently in the main hearings phase, BIIS (now Intesa Sanpaolo) has been charged with civil liability for an amount of no less than 1 billion euro. In the opinion of our legal counsel, in the unlikely case that the Bank is sentenced to pay some type of compensation, the amount should be extremely low, given that the Municipality did not suffer any damages.

Intesa Sanpaolo (formerly Banca OPI, then Banca Infrastrutture Innovazione e Sviluppo) and Piemonte Regional Government litigation

In 2006 the Piemonte Regional Government issued two bond loans for a total of 1,856 million euro, of which 430 million euro subscribed by other financial institutions, as well as the former Banca OPI. Under the terms of these issues, the Regional Government finalised two derivative financial instrument transactions, also subscribed by the former Banca OPI for a total notional amount of 628 million euro.

Following discussion with the Banks to assess the financial and legal profiles of the swap transactions, in January 2012 the Regional Government launched self-protection proceedings for the revocation of the administrative deeds relating to the derivative contracts.

In this regard, with judgment of 21 December 2012, the Piemonte Regional Administrative Court announced to the Banks that it did not have jurisdiction to decide on the matter, recognising the jurisdiction, provided by the contract, of the UK civil courts. The Regional Government appealed this judgment before the Council of State.

In August 2011 the Banks also petitioned the High Court of Justice of England and Wales to ascertain the validity and correctness of the contracts entered into with the Regional Government, obtaining a favourable ruling in July 2012, which was then appealed by the Regional Government.

Subsequently, the Banks petitioned the High Court of Justice of England and Wales to order the Piemonte Regional Government to settle the netting payments of the swap contracts maturing from May 2012, obtaining a favourable ruling in July 2013, which was also appealed by the Regional Government.

In December 2013 our Bank and the Piemonte Regional Government reached a settlement agreement for all pending litigation, with each party bearing their respective legal costs. Also taking account of opportunities in terms of mutual relations, this agreement envisaged the full payment of said past due netting by the Regional Government as well as the partial payment by the Regional Government of overdue interest accrued and the application by the Bank of returns on deposits favourable to the Regional Government from hereon.

Dispute relating to investment services

Disputes relating to investment services show a diversified trend based on the type of financial instrument concerned by the dispute.

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 the Bank in order to reduce the negative impact on customers) and can be considered as coming to an end.

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

The litigation concerning bonds issued by companies belonging to the Lehman Brothers Group increased slightly compared to previous years from a developmental standpoint, but remained at insignificant levels in absolute terms. The judgments to this point in relation to Intesa Sanpaolo - with the exception of a few isolated cases subject to appeal - have all been favourable to the Bank.

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.

Though disputes concerning derivative products increased compared to previous years, they remain at insignificant levels (both in number and value).

All risks related to this category of disputes are constantly monitored and covered by accurate allowances that reflect the specific characteristics of the individual cases.

Disputes regarding the Cirio Group default

In November 2002, the Cirio Group defaulted on the repayment of a loan issued on the Euromarket. 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, 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:

(a) 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 criteria – with the main criteria in 2,082 million euro and, with the control criteria, in 1,055 million euro or 421 million euro;

(b) the impossibility by 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;

(c) the payment of fees of 9.8 million euro for the placement of the various bond issues.

In a judgment filed on 3 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 against 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 27 January 2016 for an evidentiary hearing.

Disputes regarding tax-collection companies sold

As part of the government's re-internalisation of tax collection operations, Intesa Sanpaolo sold to Equitalia S.p.A. (a company owned by *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 October 2012 a board of experts was set up for dialogue with Equitalia, concerning both the grounds for and the amount of the requests for compensation submitted pertaining to said guarantee. This board of experts is also examining the asset items the Seller may use for offsetting (ex. the remaining allowances for risks on the sale balance sheet which have not been used, deferred amounts in the accounts, default interest collected by Equitalia but pertaining to the Seller, as it accrued prior to the sale).

Specifically regarding the litigation, as things stand, two main disputes should be noted. The first constitutes the interpretation ruling with the Municipality of Bologna to determine the calculation criteria for currency appreciation which are not clearly indicated in the judgment issued by the Emilia Romagna Regional Section of the Court of Auditors, sentencing the Bank to pay the Municipality of Bologna 4 million euro in principal in the proceedings for lost tax revenue promoted in June 2010 (for alleged irregularities which allegedly gave rise to the unenforceability of the receivables being collected). Intesa Sanpaolo paid this amount on 13 March 2012. The interpretation ruling relating to the quantification of the currency appreciation recently concluded with the judgment of the First Central Section of the Court of Auditors, filed on 11 December 2013, which rejected the Bank's defence. Thus, it is expected that the Municipality of Bologna will enforce said decision for an amount of around 2.5 million euro, which is fully covered by the overall allowances for former Gest Line risks.

The second ruling was promoted before the Campania Regional Section of the Court of Auditors by the bankruptcy proceedings of SERIT S.p.A., which was already the collection agent for section "B" of the Province of Caserta. The bankruptcy appellant is claiming that the defendants (in addition to our Bank, Ministry for Economy and Finance and the Italian Revenue Agency) are liable for breach of contract with the resulting request for compensation for the damages suffered, as a result of the failure to refund the taxes paid in advance by SERIT under the "contingent payment obligation" system (note that in 1994 SERIT'S concession was revoked and then assigned to Banco Napoli as Government Commission Agent). The claim for damages is quantified as 129 million euro, unless more accurately specified through an expert's report to be drawn up during the proceedings.

The Bank's defence is founded on valid defense arguments which lead us to consider the dispute as free from risks.

Angelo Rizzoli lawsuit

In September 2009, Angelo Rizzoli filed suit against Intesa Sanpaolo (as the successor of the former Banco Ambrosiano) and four other parties seeking a finding of nullity 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 650 to 724 million euro 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 the Bank 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 11 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 21 October 2014 for an evidentiary hearing.

Allegra Finanz AG litigation

On 31 January 2011, Allegra Finanz AG and other international institutional investors sued Intesa Sanpaolo and Eurizon Capital SGR, along with six other major international financial institutions, before the Court of Milan. The claimants are seeking compensation of approximately 129 million euro due to the losses they sustained as a result of various investments in bonds and shares issued by Parmalat Group companies.

According to the claimants, those investments were allegedly undertaken under the assumption that the issuers were solvent, an assumption deliberately fabricated by the banks named as defendants in the suit, which are alleged to have acted in various capacities and ways to permit the Parmalat Group to survive, despite an awareness of its state of insolvency.

Intesa Sanpaolo's involvement is claimed to derive from a private placement of 300 million euro by Parmalat Finance Corporation BV, fully underwritten by Morgan Stanley and placed with Nextra in June 2003, a transaction that subsequently gave rise to disputes with the Administration procedure to which the Parmalat Group companies were subject and a settlement between the Administration procedure and Intesa Sanpaolo (which succeeded Nextra due to the subsequent corporate events affecting the latter).

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

Relations with the Giacomini Group

Starting from May 2012, certain media outlets published news of criminal investigations of 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 the Luxembourg subsidiary, Société Européenne de Banque (SEB), as well as the latter company itself pursuant to Legislative Decree no. 231/2001.

In regard to this matter, the Bank 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 euro 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.

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

Dispute relating to the acquisition of Bank of Alexandria

In 2006 Sanpaolo IMI acquired from the Egyptian government an 80% 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, there are no critical issues in view with regard to the problems which are the focus of the disputes. Law 32/2014 was enacted on 24 April 2014. The statute clarifies the subjective requirements for appealing previous privatisations by limiting standing to sue to the original contracting parties only. The counsel to the defence believe that the statute is also applicable to the ongoing proceedings to which Bank of Alexandria is a party. Moreover, the statute was recently reviewed by Egypt's Constitutional Court due to contentions of unconstitutionality that arose in other proceedings to which Bank of Alexandria is not a party. Both lawsuits are constantly monitored by the Parent Company, also in terms of possible developments of the reference scenario.

Alberto Tambelli Lawsuit

In January 2013 – before the Milan Court of Appeal – Alberto Tambelli summarised a judgment of the Court of Cassation, claiming compensation for damages in terms of lost earnings for a total of approximately 110 million euro. The proceedings originate from futures transactions performed in 1994 with the Milan branch of the former Banca Popolare dell'Adriatico (now Banca dell'Adriatico) resulting in a capital loss for Mr. Tambelli. On termination of both levels of proceedings brought against the Bank, Mr. Tambelli obtained reimbursement of the damages suffered but both the Ordinary Court and the Milan Court of Appeal denied compensation for other damages associated with loss of earnings which, in Mr. Tambelli's opinion, could have been achieved in the period in which he was deprived of availability of the sums lost in the aforementioned financial transactions. The Court of Appeal judgment was challenged by both parties before the Court of Cassation, which by decision dated 1 October 2012 rejected the Bank's appeal, thereby finalising the order to compensate damages resulting from the loss of capital invested (which had in any event already been paid to Mr. Tambelli in 2004) and, vice versa, accepted Mr. Tambelli's claim, considering that – unlike the decision of the Milan Court of Appeal – the further claims for compensation for loss of earnings were not time-barred and

their merits could therefore be assessed in new proceedings before a different bench by the Milan court.

As a result of the corporate affairs affecting Banca Popolare dell'Adriatico, the new proceedings were brought against Intesa Sanpaolo, as universal successor to Banca dell'Adriatico, and also against the latter as specific successor of the former bank.

At the hearing of 23 April 2013, the judge, without considering Mr. Tambelli's preliminary claims, ordered the case to be decided by the Bench and set the date for the evidentiary hearing as 9 February 2016.

As the lawsuit is deemed lacking in grounds no provisions have been made.

Interporto Sud Europa (ISE) lawsuit against Banco di Napoli –

By write of summons served on 28 December 2013, Interporto Sud Europa (ISE) summoned Banco di Napoli and another bank before the Court of Santa Maria Capua Vetere, calling for them to be jointly ordered to compensate for damages, quantified at 186 million euro.

In further detail, the plaintiff claimed that it decided to assume the debt arising from the first tranche of a pool loan disbursed to Comes S.r.l. (a total of 70 million euro for the construction of the shopping centre in Marcianise) on the understanding that the two banks concerned would then have disbursed an additional loan of 35 million euro for which ISE had applied directly (while reducing the original loan from 70 million to 35 million euro).

However, that loan was not in fact disbursed, and this situation allegedly resulted in a serious lack of liquidity for ISE, which, among other effects, purportedly prevented it from selling said shopping centre to third parties at a price regarded as expedient.

However, during the internal assessment process, various factual elements were brought to light, justifying the two banks' decision not to provide the loan.

The hearing, initially scheduled for 15 July 2014, has been postponed until 22 September.

Arbitration proceedings initiated by Acotel Group S.p.A.

In its document initiating arbitration proceedings served on 4 November 2013, Acotel Group S.p.A. seeks an award ordering ISP to provide compensation for damages, quantified at a total of 150 million euro, caused by alleged breach of a complex cooperation agreement, which took the concrete form of various contracts aimed at developing and selling an innovative telephone SIM card known as SIM Noverca to bank customers. Acotel assumes that the failure of the commercial initiative and the resulting damages were the result solely of breach of contract by ISP due to the lack of interest shown in the promotion and distribution of the product amongst its customers, which culminated in the cancellation and termination of the commercial agreements. The Bank defended itself by raising a large number of objections of a procedural natural (such as the lack of jurisdiction of the arbitrator due to the termination and/or novation of the Master Agreement that contained the arbitration clause, the lack of standing to sue due to the fact that the party to the commercial agreements was not Acotel Group but rather its subsidiary Noverca Italia and the lack of interest in taking action due to the fact that cancellation of the commercial contract was the consequence of lawful exercise of an expressly established prerogative). On the merits, ISP argued that the reasons for the transaction's lack of success may be found to lie in the technological inadequacy of the SIM card, which was rapidly rendered obsolete by the development of other, more attractive propositions on the market and the low level of competitiveness of the rate scheme, both of which were problems that Noverca was unable to overcome. Due to the lack of interest in proceeding with the arbitration shown by Acotel (which reserved the right to take action in the ordinary courts) and its consequent inactivity, the Chamber of Arbitration of Milan declared the proceedings closed by decision of 10 June 2014. At present, Acotel has yet to take action in the ordinary courts.

Istituto per il Credito Sportivo

Istituto per il Credito Sportivo is a public entity with both private (banks and insurance companies) and public owners. The Institute has been in extraordinary administration since 28 December 2011 owing to governance issues.

The appointed administrators, considering it to be a part of their duties, have sought to re-open the question of the origin of and title to the funds for specific purposes allocated in 2004-2005. This process of reconstruction resulted in the approval (in 2005) by Ministerial Decree of new Articles of Association for ICS, clarifying the principles for allocating and assigning the resources generated by operations to capital.

Upon the administrators' initiative, in 2012 the Prime Minister's Office opened proceedings for the cancellation of the ICS Articles of Association of 2005 and of the related approval decree.

On 12 March 2013 the Prime Minister's Office announced adoption by the "Ministry for Regional Affairs, Tourism and Sport" and the "Ministry for Cultural Heritage and Activities", in concert with the "Ministry for the Economy and Finance", of the Interministerial Decree of 6 March 2013 declaring cancellation of the ICS Articles of Association of 2005. Along with the Institute's other private owners, the Bank appealed the Decree authorising cancellation before the Regional Administrative Court of Lazio. However, the application was denied, and this decision was then in turn appealed by the applicants.

On 16 April 2013, the administrators gave notice that they had initiated the procedure for automatic cancellation of the resolutions authorising distribution of dividends from 2005 to 2010, as well as the determination of a new allocation. The September 2013 decision was then also appealed by the private owners before the Regional Administrative Court of Lazio, which, however, recently found that it lacked jurisdiction.

On 19 April 2014, ICS' new Articles of Association (2014 Articles of Association) were published in Italy's Official Journal. This new version includes the results of the recalculation of ownership stakes performed by the Ministry of the Economy and Finance on a presumptive basis and according to a technically objectionable methodological approach. The interests held by the private stakeholders have been reduced from the previous 73% to the current approximately 11%.

Naturally, the private owners lodged an additional appeal against this decision before the Regional Administrative Court of Lazio: the judges did not approve the application for a stay, but rather solicited the parties to apply for a hearing on the merits in short order.

Considering that the 2014 Articles of Association, despite being subject to appeal, currently remain in effect, a negative impact of 37 million euro has been recognised as a result of the Bank's changed equity interest in the Institute.

On the basis of opinions from qualified experts, the Bank currently does not believe that it is necessary to provision for the risks associated with the civil suit seeking restitution of the 2005-2010 dividends.

POTROŠAČ litigation against PBZ relating to loans denominated in CHF.

In the context of historically low interest rates on assets denominated in Swiss francs (CHF), starting from 2004, numerous Croatian banks have disbursed retail loans in Swiss francs. This practice was immediately appreciated by customers. Therefore, in order to avoid erosion of market share, PBZ also began to offer similar products in February 2005.

Though it was following market trends, PBZ implemented procedures significantly different than those of other banks. In particular, in informing its customers of exchange rate risk, PBZ included specific clauses in its loan contracts which notified customers of the possibility that the amount of their instalments could change due to the volatility of exchange rates.

In addition to foreign currency, a fundamental characteristic of this loan portfolio is the

presence of so-called "administered interest rate", which means that interest rates could be changed at the discretion of the Bank, without a clearly identified underlying index. This type of interest rate was the most common type in the Croation banking sector along with fixed interest rates. Only with the introduction of the new law on consumer credit administered interest rates were banned for all new loans starting from January 2013. PBZ correctly complied with these law provisions by introducing index-linked interest rates.
By writ of summons served on 23 April 2012, PBZ was sued, along with seven major Croatian banks (subsidiaries of non-Croation groups) by a consumer association (Potrošač). Extremely in brief, the association called for the banks to be sentenced for:

– not having appropriately informed customers of the risks of an exposure in a foreign currency such as the Swiss franc;
– not having clearly set out in the contracts the rules for determining the interest rate, which the bank could unilaterally change.

On 4 July 2013, in the first instance, the Commercial Court of Zagreb had substantially accepted the requests of the consumers association, ordering the banks to transform their receivables into Kuna at the exchange rate at the disbursement date and to a fixed interest rate equal to the interest rate applicable to loan contracts on the date of their subscription.
The execution of the first instance ruling had been suspended pending the judgment on the appeal.
On 16 July 2014, the High Commercial Court of the Republic of Croatia rendered its judgment of the second instance. This judgment is currently being reviewed by the Croatian subsidiary's legal counsel with the aim of assessing all of its implications.
In effect, the judgment modifies the decision of the first instance, upholding the legal applicability of the foreign exchange rate clause that effectively ties the repayment of principal and interest (made in the local currency, the Croatian kuna) to the reference currency (in the case at hand, Swiss francs). This releases the bank from the primary risk, which involved the presumed need to recalculate the exposures and payments using the exchange rate as at the date of disbursement.
The judgment also agrees that the banks were not entitled to modify the interest rates applied on the basis of their internal decisions alone. At the same time, the judgment does not require that the rates be restored to their original values.
An additional important element brought to light by the judgment is the fact that recourse to class action is excluded. Essentially, in order to obtain compensation, customers will need to sue the bank individually and not on a collective basis.
In the cases previously taken to the courts, the various local judges have always ruled in the banks' favour.
PBZ is also considering the possibility of appealing the decision before the Supreme Court of the Republic of Croatia.

Tax litigation

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

The Parent Company is a party to 217 litigation proceedings, in which a total of 879 million euro are at issue, including disputes in both administrative and judicial venues at various instances. The actual risks associated with these proceedings were quantified at 68 million euro at 31 December 2013.

The Group's other Italian companies within the scope of consolidation are parties to tax litigation proceedings in which a total of 629 million euro is at stake at that date, reflected by specific allowances of 32 million euro.

Pending international charges, totalling 5 million euro, are not material in amount when compared to the size of the company involved and the 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 2013 related to issues raised against other Italian banks as well, i.e. to types of 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.
With regard to Intesa Sanpaolo, it is important to note the extension to the years 2008 to 2011 of the charges, already arose in 2012 with regard to 2007, concerning a series of transactions implemented for the purpose of capital strengthening by issuing preference shares through international subsidiaries (in the form of LLCs) resident in Delaware (USA). The allegation is that the subordinated deposits in place between the international subsidiaries and the Parent Company can be reclassified as loans, subject to 12.50%. final withholding tax pursuant to the last paragraph of art. 26 of Italian Presidential Decree no. 600/1973. The claim related to this case, whose premise should be deemed unfounded, amounts to a total of 82 million euro in unpaid withholding taxes, in addition to 124 million euro in penalties and 13 million euro in interest.

With regard to other Group companies, it is worth noting the charges against Setefi raised by Agenzia delle Entrate (Italian Revenue Agency), following the audit of the accounting and tax treatment of dividends received by the company from VISA Europe Ltd. in the tax period 2008, which considered the reorganisation of the VISA Group in July 2004, alleging that said reorganisation can be treated as a contribution of intangible assets, realising capital gains that were allegedly undeclared and not taxed. This was followed by the notification of two assessment notices, for IRES and IRAP, respectively, for a total of 14 million euro, which, however, are deemed fully illegitimate and unfounded. During the first half of 2014, Setefi reached with Agenzia delle Entrate an administrative settlement of the two assessment notices.

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

(a) for the Parent Company, a new positive first judgement in relation to the reclassifications by Agenzia delle Entrate of contributions of branches and business lines and the subsequent sale of shares deriving from contributions as a step transaction, equivalent to the transfer of a business line;

(b) for Leasint, the 100% favourable outcome of the first instance proceedings challenging the unlawful nature of VAT findings for 2005 and 2006 on the issue of the tax rate in nautical lease contracts. Equivalent to the judgment against the Parent Company indicated above, this specific outcome is also worth mentioning, even though in both cases this litigation relates to the marginally insignificant amount of 7 million euro, but are related to charges which are highly significant as a whole, given their serial nature;

(c) for Centro Leasing S.p.A., two negative rulings, issued respectively by the Provincial Tax Committee in relation to 2006 and the Firenze Regional Tax Committee, which overturned the positive result of the first instance proceedings for 2004 and 2005, regarding the question of real estate leaseback transactions performed by the company, which, in the tax audit of the years 2003 to 2007 were claimed to be a misuse of a right. These rulings concluded with the forecast of a total claim of 56 million euro for additional IRES, IRAP and VAT, in addition to penalties and interest. The assessments said decisions refer to amount of 11 million euro and 16 million euro, respectively.

Using dispute settlement mechanisms, at the end of December 2013 Banca IMI settled the dispute concerning "misuse of a right" involving the sales of futures on listed Italian shares

carried out as part of market maker operations in 2008, which the financial authorities reclassified as repurchase agreements based on their affirmed circular nature. Also in relation to this position, the decision to settle that litigation was taken, though fully convinced of the groundlessness of the claim, 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 35 million euro (for taxes, withholding taxes and penalties) was settled with a payment of 3 million euro

* * *

Out of the total cases of tax litigation pending as at 31 December 2013, at Group level 196 million euro is posted to the balance sheet among assets, 159 million euro of which refers to the Parent Company, representing the total amount paid by way of provisional tax collection.

For said cases of litigation, provisions for risks and charges amount to 44 million euro at Group level, of which 29 million euro for the Parent Company.

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."

* * *

In the section headed "*Financial Information of the Issuer – An Overview*", at page 97 of the Base Prospectus, the paragraph entitled "*Audited Consolidated Annual Financial Statements*" is replaced by the following:

"**Audited Consolidated Annual Financial Statements**

The annual financial information as at and for the years ended 31 December 2012 and 31 December 2013 has been derived from the audited consolidated annual financial statements of the Intesa Sanpaolo Group as at and for the year ended 31 December 2013 (the "**2013 Audited Financial Statements**") that include comparative unaudited restated consolidated financial statements as at and for the year ended 31 December 2012 (the "**2012 Unaudited Financial Statements**"). The comparative figures were restated in order to: (i) state among inventories, according to the definition of IAS 2 in the item 150 "Other assets", certain property and other assets deriving from the enforcement of guarantees or auction purchase and designated for the sale, in the near future, on the market; (ii) permit application of the new version of IAS 19 – Employee Benefits"

* * *

In the section headed "*Financial Information of the Issuer – An Overview*" at page 97 of the Base Prospectus, the paragraph entitled "*Half-Yearly Financial Statements*" is replaced by the following:

"**Half-Yearly Financial Statements**

The half-yearly financial information as at and for the six months ended 30th June, 2014 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, 2014 (the "**2014 Half-Yearly Financial Statements**") that include comparative balance sheet figures as at 31st December, 2013 and income statement figures for the six months ended 30th June, 2014."

DECRIPTION OF THE COVERED BOND GUARANTOR

The paragraph headed "*Administrative, Management and Supervisory Bodies*", at page 107 of the Base Prospectus, is replaced by the following:

"Administrative, Management and Supervisory Bodies

The directors of the Covered Bond Guarantor are:

Director	***Position***	***Principal activities performed outside the Intesa Sanpaolo Group***
Paola Fandella	Chairman	Professor of banking, finance and securities markets; Università Cattolica del Sacro Cuore, Milan; Coordinator for the courses of Economics and management in fine art and cultural activities; Università Cattolica del Sacro Cuore, Milan; Director of the Master in management of museum and cultural activities; Università Cattolica del Sacro Cuore, Milan.
Roberta Crespi	Director	Associate Professor of economics and management company - Faculty of Economics - Università Cattolica del Sacro Cuore of Milan; Director of EMLUX - Executive Master in Luxury Goods Management - Università Cattolica del Sacro Cuore, Milan; Statutory auditor (alternate) in Sorin S.p.A. Statutory auditor (alternate) in Mittel S.p.A.
Mario Masini	Director	Professor, Economics and Management of Financial Intermediaries, University of Bergamo Director of Mediolanum Gestione Fondi Sgrpa

		Director of ILME S.p.A. Director of IMAC S.p.A.

The directors of the Covered Bond Guarantor indicated in the table above have been appointed by a totalitarian shareholders' meeting of the Covered Bond Guarantor held on 21 May 2013.

The statutory auditors of the Covered Bond Guarantor are:

Statutory Auditor	***Position***	***Principal activities performed outside the Intesa Sanpaolo Group***
Nicola Bruni	Chairman	Professor of Economy of Securities market - faculty of Economics- Università degli Studi of Bari Aldo Moro; Chairman of the Statutory Auditors in Linear Life S.p.A.; Chairman of the Statutory Auditors in Compagnia Assicuratrice Linear S.p.A.; Chairman of the Statutory Auditors in Biotecnica Instruments S.p.A.; Statutory auditor (regular) in F.I.L.A. S.p.A.; Statutory auditor (regular) in Finitalia S.p.A.; Statutory auditor (regular) in Lauro Sessantuno S.p.A.; Statutory auditor (regular) in Europa Tutela Giudiziaria Compagnia di Assicurazioni S.p.A.; Statutory auditor (regular) in Dialogo Assicurazioni S.p.A.; Statutory auditor (regular) in Unipol Servizi Immobiliari S.p.A.; Statutory auditor (regular) in SAIFIN - Sai Finanziaria S.p.A
Giuseppe Dalla Costa	Statutory auditor (regular)	Statutory auditor (regular) in Fidicomet; Statutory auditor (regular) in Ebilforma; Statutory auditor (regular) in

		Ebiter
Eugenio Braja	Statutory auditor (regular)	Chartered accountant and auditor. Professor of "Business Administration" and "Business combinations" at Università del Piemonte Orientale
Carlo Maria Bertola	Statutory auditor (alternate)	Chairman of the Statutory auditors in Akhela S.r.l.; Chairman of Statutory auditors in Massimo Moratti S.a.p.A.; Statutory auditor (regular) in Deposito Arcola S.r.l. Statutory auditor (regular) in Compuware S.p.A.; Statutory auditor (regular) in Società Edizioni e Pubblicazioni (S.E.P.) S.p.A.; Chairman of the Statutory auditors in Nibaspa S.r.l.; Chairman of the Statutory auditors in Mercurio S.p.A.; Chairman of the Statutory auditors in Kasa S.r.l.; Chairman of the Statutory auditors in Gianmarco Moratti S.a.p.A. Chairman of the Statutory auditors in Ital Press Holding S.p.A.; Chairman of Statutory auditors in Deborah Group S.p.A. Director of Consulenti Professionisti Associati S.p.A. Director of Metodo S.r.l. Chairman of Supervisory Board of Econocom International Italia S.p.A.
Renzo Mauri	Statutory auditor (alternate)	Sole director and owner of MA Service S.r.l.

All the statutory auditors are registered with the Register of the Statutory Auditors (*Registro dei Revisori Legali*).

The business address of each member of the Board of Directors and the Board of Statutory Auditors is ISP CB Ipotecario S.r.l., Via Monte di Pietà 8, 20121 Milan."

* * *

The paragraph headed "*Financial Information concerning the Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses*", on pages 110 and 111 of the Base Prospectus, is replaced by the following:

"Financial Information concerning the Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses

The financial information of the Covered Bond Guarantor derive from the statutory financial statements of the Covered Bond Guarantor as at and for the year ended on 31 December 2011, 31 December 2012 and 31 December 2013. They are prepared in accordance with IAS/IFRS Accounting Standards principles in respect of which an audited report has been delivered by Reconta Ernst and Young S.p.A. on 9 March 2012, 12 March 2013 and 18 March 2014 respectively. Such financial statements, together with the report of Reconta Ernst and Young S.p.A. and the accompanying notes, are incorporated by reference into this Base Prospectus. The financial information are incorporated by reference into this Base Prospectus (see the section headed "Documents incorporated by reference")."

* * *

The paragraph headed "*Auditors*", on page 111 of the Base Prospectus, is replaced by the following:

"Auditors

Reconta Ernst and Young S.p.A., which is also a member of Assirevi, the Italian association of auditing firms, has been appointed to perform the audit of the consolidated financial statements of the Covered Bond Guarantor as at and for years 2014, 2015 and 2016."

DESCRIPTION OF THE ASSET MONITOR

The section headed "*Description of the Asset Monitor*", on page 112 of the Base Prospectus, is replaced by the following:

"**DESCRIPTION OF THE ASSET MONITOR**

The BoI OBG Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out specific controls on the regularity of the transaction, the integrity of the Covered Bond Guarantee and, following the latest amendments to the BoI OBG Regulations introduced by way of the new Part III, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No 285 of 17 December 2013, the information provided to investors.

Pursuant to the BoI OBG Regulations, the asset monitor must be an independent auditor, enrolled with the Register of Certified Auditors held by the Ministry for Economy and Finance pursuant to Legislative Decree no. 39 of 27 January 2010 and the related regulations issued by the Ministry for Economy and Finance and shall not be the audit firm of the Issuer or of the Covered Bond Guarantor.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the competent supervisory body (*Consiglio di Sorveglianza*) of the Issuer.

Further to the relevant appointment dated 30 December 2011, the Asset Monitor is Deloitte & Touche S.p.A., a joint stock company incorporated under the laws of the Republic of Italy (independent company affiliated through the member firm Deloitte Italy S.p.A. with Deloitte Touche Tohmatsu Limited, an UK Limited Company), having its registered office at Via Tortona 25, 20144 Milan, fiscal code and enrolment with the companies register of Milan No. 03049560166, and enrolled under No. 132587 with the register of accounting firms held by *Ministero dell'Economia e delle Finanze* pursuant to article 2 of the Italian Legislative Decree No. 39 of 27 January 2010 and related regulations issued by *Ministero dell'Economia e delle Finanze*.

Pursuant to an engagement letter entered into on or about the Programme Date between the Issuer and the Asset Monitor, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, (i) the compliance with the eligibility criteria set out under MEF Decree with respect to the Eligible Assets and Integration Assets included in the Portfolios; (ii) the compliance with the limits on the transfer of Eligible Assets and Integration Assets set out under MEF Decree; and (iii) the effectiveness and adequacy of the risk protection provided by any swap agreement entered into in the context of the Programme.

The engagement letter will be amended in order to reflect latest amendments made to the BoI OBG Regulations and to be in line with the provisionscontained therein in relation to the reports to be prepared and submitted by the Asset Monitor also to the competent supervisory body (*Consiglio di Sorveglianza*) of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on the Programme Date, the Issuer, the Calculation Agent, the Asset Monitor, the Covered Bond Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, as more fully described under "*Description of the Transaction Documents — Asset Monitor Agreement*"."

DESCRIPTION OF THE TRANSACTION DOCUMENTS

After the section 15 headed "*Swap Agreements*", at page 162 of the Base Prospectus, the section 16 is included:

"**16 Swap Service Agreements**

Pursuant to the Swap Service Agreements, Intesa Sanpaolo and any other party which may enter in the Programme has agreed or will agree, as the case may be, to provide the Covered Bond Guarantor with certain services due under the Swap Agreement in order to implement the provisions relating, *inter alia*, to the reporting activities imposed by EMIR Regulation; and ISGS has agreed to provide the Covered Bond Guarantor with certain services due under the Swap Agreement in order to implement the provisions relating, *inter alia*, to the portfolio reconciliation and dispute resolution imposed by EMIR Regulation.

Pursuant to the Swap Service Agreements, (i) no additional fees are due to Intesa Sanpaolo, in its capacity as Swap Service Provider, other than the fees due to the same entity in its capacity as Hedging Counterparty under the Swap Agreement; and (ii) the fees due under the relevant Swap Service Agreement to ISGS as Swap Service Provider will be paid under the same item of the relevant Priority of Payments as the fees due to ISGS in its capacity as First Special Servicer.

Governing Law

The Swap Service Agreements, and any non-contractual obligations arising out of or in connection with the Swap Service Agreements, are governed by Italian law.

"

SELECTED ASPECTS OF ITALIAN LAW

The paragraph entitled "*Law 130, Article 7-bis thereof and BoI OBG Regulation. General remarks*", on page 163 of the Base Prospectus is replaced by the following:

"Law 130 and Article 7-*bis* thereof and BoI OBG Regulations. General remarks

Law 130 was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

Law Decree no. 35 of 14 March 2005, converted with amendments into law by Law no. 80 of 14 May 2005, added articles 7-*bis* and 7-*ter* to Law 130, for the purpose of allowing Italian banks to use the securitisation techniques introduced by Law 130 in view of issuing covered bonds (*obbligazioni bancarie garantite*).

Law 130 was further amended by Law Decree no. 143 of 23 December 2013 (the **Destinazione Italia Decree**) as converted with amendments into Law n. 9 of 21 February 2014 and by Law Decree no. 91 of 24 June 2014 (the **Decreto Competitività**) which has been converted with amendments into Law n. 116 of 11 August 2014.

Pursuant to article 7-*bis*, certain provisions of Law 130 apply to transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables or asset backed securities issued in the context of securitisation transactions meeting certain eligibility criteria set out in article 7-*bis* and in MEF Decree, where the sale is to a vehicle incorporated pursuant to article 7-*bis* and all amounts paid by the debtors are to be used by the special purpose vehicle exclusively to meet its obligations under a guarantee to be issued by it, in view of securing the payment obligations of the selling bank or of other banks in connection with the issue of covered bonds.

Pursuant to article 7-*bis*, the purchase price of the assets to be included in the portfolio shall be financed through the taking of a loan granted or guaranteed by the bank selling the assets or a different bank. The payment obligations of the special purpose vehicle under such loan shall be subordinated to the payment obligations *vis-à-vis* the covered bondholders, the counterparties of any derivative contracts hedging risks in connection with the assigned receivables and securities, the counterparties of any other ancillary contract and counterparties having a claim in relation to any payment of other costs of the transaction.

The covered bonds are further regulated by the BoI OBG Regulations, under which the covered bonds may be issued also by banks which are member of banking groups meeting, as of the date of issuance of the covered bonds, certain requirements relating to the consolidated regulatory capital and the consolidated solvency ratio at the group's level. Such requirements must be complied with, as of the date of issuance of the covered bonds, also by banks selling the assets, where the latter are different from the bank issuing the covered bonds and do not fall within the same banking group.

Following the issue of the MEF Decree, the Bank of Italy Supervisory Instructions were published on 17 May 2007, as subsequently amended on 24 March 2010 and further supplemented by Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (*Circolare No. 263 of 27 December 2006*), completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of the covered bonds, which have previously only been available under special legislation to specific companies.

The Bank of Italy published new supervisory regulations on banks in December 2013 (*Circolare* of the Bank of Italy No. 285 of 17 December 2013) which came into force on 1

January 2014, implementing CRD IV Package and setting out additional local prudential rules concerning matters not harmonised on EU level. Following the publication on 25 June 2014 of the 5th update to Circular of the Bank of Italy No. 285 of 17 December 2013, the Bank of Italy's covered bonds regulation have been included in Part III, Section 3 (*Obbligazioni Bancarie Garantite*) under the Bank of Italy's Circular No 285 of 17 December 2013, containing the "Disposizioni di Vigilanza per le Banche", and provisions set forth under Title V, Chapter 3 of *Circolare* No. 263 of 27 December 2006 have been abrogated."

* * *

The paragraph entitled "*Eligibility criteria of the assets and limits to the assignment of assets*", on pages 163 and 164of the Base Prospectus, is replaced by the following:

"Eligibility criteria of the assets and limits to the assignment of assets

Under the MEF Decree, the following assets, *inter alia*, may be assigned to the purchasing company, together with any ancillary contracts aimed at hedging the financial risks embedded in the relevant assets: (a) residential and commercial mortgage loans having the characteristics set out under Article 2, Paragraph 1 (a) and (b), respectively, of the MEF Decree; (b) the public assets meeting the characteristics set out under Article 2, Paragraph 1(c) of the MEF Decree; (c) asset backed securities issued in the context of securitisation transactions, meeting the following criteria: (i) the relevant securitised receivables comprise, for an amount equal at least to 95 per cent., loans referred to in (a) and (b) above; (ii) the relevant asset backed securities attract a risk weighting factor not exceeding 20 per cent. under the "standardised approach" to credit risk measurement.

For the purpose above, the relevant provisions define a guarantee "valid for purposes for the credit risk mitigation" as a guarantee eligible for the "credit risk mitigation", in accordance with Directive 2006/48/EC of 14 June 2006 (the **Restated Banking Directive**). Similarly, the "Standardised Approach" shall provide a uniform approach to credit risk measurements as defined by the Restated Banking Directive.

The BoI OBG Regulations set out certain requirements for banks belonging to banking groups with respect to the issuance of covered bonds to be met at the time of the relevant issuance:

(i) a regulatory capital on a consolidated basis of not less than Euro 250,000,000.00; and

(ii) an overall capital ratio on a consolidated basis of not less than 9 per cent.

The above mentioned requirements must be complied with, as of the date of the assignment, also by the banks selling the assets, where the latter are different from the bank issuing the covered bonds and do not fall within the same banking group.

If the bank selling the assets does not belong to a banking group, the above mentioned requirements relate to the individual regulatory capital and/or overall capital ratio.

Moreover, the BoI OBG Regulations set out certain limits to the possibility for banks to assign eligible assets, which are linked to the tier 1 ratio (**T1R**) and common equity tier 1 ratio (**CET1R**) of the individual bank (or of the relevant banking group, if applicable), in accordance with the following grid, contained in the BoI OBG Regulations:

Ratios		**Limits to the assignment**
Group "a"	T1R ≥ 9 % and CET1R ≥ 8 %	No limits
Group "b"	T1R ≥ 8 % and CET1R ≥ 7 %	Assignment allowed up to 60% of the eligible assets

Ratios		Limits to the assignment
Group "c"	T1R ≥ 7 % and CET1R ≥ 6 %	Assignment allowed up to 25% of the eligible assets

The relevant T1R and CET1R set out in the grid relate to the aggregate of the covered bonds transactions launched by the relevant banking group or individual bank, as the case may be. If foreign entities belonging to the banking group of the bank selling the assets have issued covered bonds in accordance with their relevant jurisdiction and have therefore segregated part of their assets to guarantee the relevant issuances, the limits set out above shall be applied to the eligible assets held by the Italian companies being part of the assigning bank's banking group.

In addition to the above, certain further amendments have been introduced in respect of the monitoring activities to be performed by the asset monitor.

The limits to the assignment set out above do not apply to Integration (as defined below) of the portfolio, provided that Integration is allowed exclusively within the limits set out by the BoI OBG Regulations.

The substitution of eligible assets included in the portfolio with other eligible assets of the same nature is also permitted, provided that certain conditions indicated under the BoI OBG Regulations are met."

* * *

The paragraph entitled "*Exemption from claw-back*", on page 165 of the Base Prospectus is replaced by the following:

"Exemption from claw-back

Assignments executed under Law 130 are subject to revocation on bankruptcy under Article 67 of the Insolvency Law, but only in the event that the transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or, in cases where paragraph 1 of Article 67 applies, within six months of the adjudication of bankruptcy.

The subordinated loans to be granted to the special purpose vehicle and the covered bond guarantee are subject to the provisions of Article 67, paragraph 4, of the Insolvency Law, pursuant to which the provisions of Article 67 relating to the claw back of for-consideration transactions, payments and guarantees do not apply to certain transactions.

In addition to the above, any payments made by an assigned debtor to the special purpose vehicle may not be subject to any claw back action according to Article 65 of the Insolvency Law."

* * *

The paragraph entitled "*Controls over the transaction*", on page 167 of the Base Prospectus is replaced by the following:

"**Controls over the transaction**

The BoI OBG Regulations lay down rules on controls over transactions involving the issuance of Covered Bonds.

Inter alia, in order to provide support to the resolutions passed on the assignment of portfolios to the special purpose vehicle, both in the initial phase of transactions and in later phases, the assigning bank shall request to an auditing firm a confirmation (*relazione di stima*) stating that, on the basis of the activities carried out by that auditing firm, there are no reasons to believe that

the appraisal criteria utilised in order to determine the purchase price of the assigned assets are not in line with the criteria which the assigning bank must apply when preparing its financial statements. The above mentioned confirmation is not required if the assignment is made at the book value, as recorded in the latest approved financial statements of the assigning bank, on which the auditors have issued a clean opinion. The above mentioned confirmation is not required if any difference between the book value and the purchase price of the relevant assets is exclusively due to standard financial fluctuations of the relevant assets and is not in any way related to reductions in the qualitative aspects of those assets and/or the credit risk related to the relevant debtors.

The management body of the issuing bank must ensure that the internal structures delegated to the risk management verify at least every six months and for each transaction, inter alia:

(i) quality and integrity of the assets sold to the special purpose vehicle securing the obligations undertaken by the latter;

(ii) compliance with the maximum ratio between covered bonds issued and the portfolio sold to the special purpose vehicle for purposes of backing the issue, in accordance with the MEF Decree;

(iii) compliance with the limits to the assignment and the limits to Integration set out by the BoI OBG Regulations;

(iv) effectiveness and adequacy of the coverage of risks provided under derivative agreements entered into in connection with the transaction;

(v) completeness, accuracy and timeliness of information available to investors pursuant to art. 129, paragraph 7, of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013.

The bodies with management responsibilities of issuing banks and banking groups ensure that an assessment is carried out on the legal aspects (*profili giuridici*) of the activity on the basis of specially issued legal opinions setting out an in-depth analysis of the contractual structures and schemes adopted, with a particular focus on, *inter alia*, the characteristics of the covered bond guarantee.

The BoI OBG Regulations also contain certain provisions on the asset monitor, who is delegated to carry out controls over the regularity of the transaction (*regolarità dell'operazione*), the integrity of the covered bond guarantee (*integrità della garanzia*) (the **Asset Monitor**). Due to the latest amendments to the BoI OBG Regulations, introduced by way of Part III, Chapter 3 (*Obbligazioni Bancarie Garantite*) in Bank of Italy's Circular No 285 of 17 December 2013, the Asset Monitor is also requested also to carry out controls over the information provided to investors (*informativa agli investitori*). Pursuant to the BoI OBG Regulations, the Asset Monitor shall be an auditing firm having adequate professional experience in relation to the tasks entrusted with the same and independent from (a) the bank entrusting the same and (b) the other entities which take part to the transaction. In order to meet this independence requirement the auditing firm entrusted with the monitoring must be different from the one entrusted with the auditing of the issuing bank and the selling bank (if different from the issuing bank) and the special purpose vehicle.

The Asset Monitor shall prepare annual reports on controls and assessments on the performance of transactions, to be addressed, *inter alia*, to the body entrusted with control functions of the bank which appointed the Asset Monitor. The BoI OBG Regulations refer to the provisions (Article 52 and 61, paragraph 5, of the Banking Law), which impose on persons responsible for such control functions specific obligations to report to the Bank of Italy. Such reference appears to be aimed at ensuring that any irregularities found are reported to the Bank of Italy.

In order to ensure that the special purpose vehicle can perform, in an orderly and timely manner, the obligations arising under the covered bond guarantee, the issuing banks shall use asset and liability management techniques for purposes of ensuring, including by way of specific controls at least every six months, that the payment dates of the cash-flows generated by the portfolio substantially match the payments dates with respect to payments due by the issuing bank under the covered bonds issued and other transaction costs.

Finally, in relation to the information flows, the parties to the covered bonds transactions shall assume contractual undertakings allowing the issuing bank (and the assigning bank, if different) also acting as servicer (and any third party servicer, if appointed) to hold the information on the portfolio which are necessary to carry out the controls described in the BoI OBG Regulations and for the compliance with the supervisory reporting obligations, including therein the obligations arising in connection with the participation to the central credit register (*Centrale dei Rischi*)."

TERMS AND CONDITIONS OF THE COVERED BONDS

Under the paragraph 2.1 (*Definitions*) on page 175 of the Base Prospectus, the definition of "*Calculation Agent*" is replaced with the following:

"**Calculation Agent** means the entity appointed as calculation agent by the Covered Bond Guarantor pursuant to the Cash Management and Agency Agreement;"

* * *

On page 178 of the Base Prospectus, the following definition is included after the definition of "*Eligible Assets*":

"**EMIR Regulation** means the Regulation (EU) 648/2012 of the European Parliament and Council dated 4 July 2012 on OTC derivatives, central counterparties and trade repositories as supplemented by the relevant delegated regulations, as amended from time to time."

* * *

On page 180 of the Base Prospectus, the following definitions are included after the definition of "*ISDA Definitions*":

"**ISGS** means Intesa Sanpaolo Group Services S.c.p.A., a limited liability consortium (*società consortile per azioni*), whose registered office is in Piazza San Carlo 156, Turin and secondary office is in Milan, Via Monte di Pietà 8, registered in the Register of Enterprises of Turin with no. 07975420154, VAT number 04932231006, belonging to the Intesa Sanpaolo Group, subject to the direction and coordination (*direzione e coordinamento*), pursuant to Article 2497-bis of the Italian Civil Code, of Intesa Sanpaolo S.p.A..

ISGS Mandate Agreement means the mandate agreement entered into on 16 December 2013 between ISGS, as Swap Service Provider, and the Covered Bonds Guarantor, as amended and supplemented from time to time, for the performance of certain service to be provided under the Swap Agreements further to the approval of the EMIR Regulation.

ISP Mandate Agreement means the mandate agreement entered into on 28 February 2014 between Intesa Sanpaolo, as Swap Service Provider, and the Covered Bonds Guarantor, as amended and supplemented from time to time, for the performance of certain service to be provided under the Swap Agreements further to the approval of the EMIR Regulation."

* * *

On page 180 of the Base Prospectus, the definition of "*Italian Law Transaction Documents*" is replaced with the following:

"**Italian Law Transaction Documents** means the Master Transfer Agreement and each Transfer Agreement entered into in accordance with the provisions thereof, the Servicing Agreement, the Administrative Services Agreement, the Subordinated Loan Agreement, the Covered Bond Guarantee, the Portfolio Administration Agreement, the Dealer Agreement, each Subscription Agreement, the Asset Monitor Agreement, the Cash Management and Agency Agreement, the Intercreditor Agreement, the Quotaholders' Agreement, the Pledge Agreement, the Master Definitions Agreement, the Swap Service Agreements, the Conditions, the Final Terms and any document or agreement governed by Italian law which supplements, amends or restates the content of any of those documents and any other document governed by Italian law designated as such by the Issuer, the Covered Bond Guarantor and the Representative of the Covered Bondholders;"

* * *

On page 181 of the Base Prospectus, the definition of "*Moody's*" is replaced with the following:

"**Moody's** means Moody's Investors Service Ltd.;"

* * *

On page 185 of the Base Prospectus, the definitions of "*Secured Creditors*" and "*Servicing Agreement*" is respectively replaced with the following:

"**Secured Creditors** means, collectively, the Covered Bondholders, the Representative of the Covered Bondholders, the Issuer, the Seller, the Subordinated Loan Provider, the Servicer, the Administrative Services Provider, the Account Banks, the Paying Agent, the Luxembourg Listing Agent, the Hedging Counterparties, the Swap Service Providers, the Cash Manager, the Asset Monitor, the Calculation Agent, the Dealers and any other entity acceding to the Intercreditor Agreement;"

"**Servicing Agreement** means the servicing agreement entered into on 29 July 2010 between the Covered Bond Guarantor, the Servicer and the Special Servicer, as amended and/or supplemented from time to time;"

* * *

On page 186 of the Base Prospectus, the definition of "*Swap Agreements*" is replaced with the following:

"**Swap Agreements** means the agreement entered into between Intesa Sanpaolo (as Hedging Counterparty) and the Covered Bond Guarantor in the form of an ISDA Master Agreement (as amended on 23 September 2013 and as may be amended from time to time), including a schedule and credit support annex thereto and any swap agreement entered into between any other Hedging Counterparty and the Covered Bond Guarantor;"

* * *

On page 186 of the Base Prospectus, the following definitions are included after the definition of "*Swap Agreements*":

"**Swap Service Agreements** means the ISP Mandate Agreement, the ISGS Mandate Agreement and any other mandate agreements that the Covered Bond Guarantor may enter, from time to time, into for the supply to the Covered Bond Guarantor of certain services due under the Swap Agreements pursuant to the EMIR Regulation;

Swap Service Providers means Intesa Sanpaolo, ISGS and any other party that has entered or will enter, from time to time, into a Swap Service Agreement;"

RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS

Under Title III (*The Representative of the Covered Bondholders*) of the section entitled "*Rules of the organisation of the Covered Bondholders*", on page 218 of the Base Prospectus, the second paragraph of the item 25.2 is replaced with the following:

"The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Covered Bondholders and, if appointed as such, they shall be automatically removed, *provided that* the Representative of the Covered Bondholders will be entitled in any circumstance to act also as Calculation Agent in the context of the Programme and/or in any other role as advisor to the Issuer and/or any other entity belonging to Intesa Sanpaolo Group."

TAXATION

The section headed "*Taxation*" at pages from 240 to 247 of the Base Prospectus is replaced by the following:

"TAXATION

Republic of Italy

The following is an overview of current Italian law and practice relating to the taxation of the Covered Bonds. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The following overview 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 Covered Bonds 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 Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds.

*Law Decree No. 66 of 24 April 2014, published in the Official Gazette No. 95 of 24 April 2014 (**Decree 66**), introduced tax provisions amending certain aspects of the tax treatment of the Covered Bonds, as summarised below. The new rules, as converted into law with amendments by Law No. 89 of 23 June 2014, (published in Official Gazette No. 143 of 23 June 2014) (**Law 89**) are effective as of 1 July 2014.*

As set forth in Circular No. 19/E of 27 June 2014 of the Italian Revenue Agency, Decree 66 provides for an increase in the imposta sostitutiva set out by Decree 239 (as defined below) or other withholding taxes on interest accrued as of 1 July 2014.

Tax treatment of the Covered Bonds

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes issued, *inter alia*, by Italian banks, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*). For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

Italian resident Covered Bondholders

Where an Italian resident Covered Bondholder is (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless the individual has opted for the application of the "*risparmio gestito*" regimes – see "*Capital Gains Tax" below*), (b) a non-commercial partnership, (c) a non-commercial private or public institution, or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholdings tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent (20 per cent. on interest accrued up to 30 June 2014).

Pursuant to Law 89, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Covered Bonds) from 1 July

2014 to 31 December 2014, as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

In the event that the Covered Bondholders described under (a) or (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Covered Bondholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected and the Covered Bonds are deposited with an authorised intermediary, interest, premium and other income from the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the relevant Covered Bondholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "*status*" of the Covered Bondholder, also to regional tax productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), as clarified by the Italian Revenues Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Covered Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If an investor is resident in Italy and is an open-ended or a closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Covered Bonds are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Covered Bonds will not be subject to imposta sostitutiva, but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**). For an interim period, in certain circumstances, the Collective Investment Fund Tax may remain applicable at a rate of 20 per cent. for income accrued as of 30 June 2014.

Where an Italian resident Covered Bondholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, interest, premium and other income relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent substitute tax (increased to 11.5 per cent. for 2014 pursuant to Law 89).

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* (SIMs), fiduciary companies, *Società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by a Decree of the Ministry of Economy and Finance (each an **Intermediary**) as subsequently amended and integrated.

An Intermediary must: (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or

without consideration, which results in a change of the ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Covered Bondholder.

Non-Italian resident Covered Bondholders

Where the Covered Bondholder is a non-Italian resident, without a permanent establishment in Italy to which the Covered Bonds are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

Please note that, according to the Law No. 244 of 24 December 2007 (**Budget Law 2008**), a Decree still to be issued will introduce a new "white list", so as to identify those countries which allow for a satisfactory exchange of information.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (20 per cent. on interest accrued up to 30 June 2014), or at the reduced rate provided for by the applicable double tax treaty, if any, to interest, premium and other income paid to Covered Bondholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.In order to ensure gross payment, non-resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Covered Bonds, the Receipts or the coupons with a bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depositary, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, to be provided only once, until revoked or withdrawn, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

Payments made by an Italian resident guarantor

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be subject to a provisional withholding tax at a rate of 26 per cent. (20 per cent. up to 30 June 2014) pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In case of payments to non-Italian resident Covered Bondholders, the withholding tax may be applied at 26 per cent. (20 per cent. up to 30 June 2014) as a final tax.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

Atypical Securities

Interest payments relating to Covered Bonds that are not deemed to be bonds (obbligazioni), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent. (20 per cent. with reference to any Interest due and payable up to 30 June 2014). For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

Where the Covered Bondholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Covered Bonds are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) 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. For non-Italian resident Covered Bondholders, the withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

Any gain obtained from the sale, early redemption or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is (i) an individual holding the Covered Bonds not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Covered Bondholder from the sale early redemption or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Covered Bondholders may set off losses with gains.

Pursuant to Law 89, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Covered Bonds) from 1 July 2014 to 31 December 2014, as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Covered Bondholder holding the Covered Bonds not in connection with an entrepreneurial activity pursuant to all sales, early redemption or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years Capital

losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders holding the Covered Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the Covered Bonds (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the **Decree 461**). Such separate taxation of capital gains is allowed subject to (a) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express and valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Covered Bondholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Covered Bondholder or using funds provided by the Covered Bondholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of the Covered Bonds results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Covered Bondholder is not required to declare the capital gains in the annual tax return. Capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised or accrued by Italian resident individuals holding the Covered Bonds not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Covered Bonds, to an authorised intermediary and have validly opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax (20 per cent. up to 30 June 2014), to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Covered Bondholder is not required to declare the capital gains realised in the annual tax return. Decreases in value of the management assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant decreases in value registered before 1 January 2012; (ii) 76.92 per cent. of the decreases in value registered from 1 January 2012 to 30 June 2014.

Any capital gains realised by a Covered Bondholder who is a Fund will be included in the result of the relevant portfolio accrued at the end of the tax period. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may subject to the Collective Investment Fund Tax.

Any capital gains realised by a Covered Bondholder who is an Italian real estate fund to which the provisions of Decree 351 as subsequently amended apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax (increased to 11.5 per cent for 2014 pursuant to Law 89).

Capital gains realised by non-Italian-resident Covered Bondholders from the sale, early redemption or redemption of Covered Bonds issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Covered Bonds are traded on regulated markets.

Capital gains realised by non-Italian resident Covered Bondholders from the sale, early redemption or redemption of Covered Bonds not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

Please note that, according to the Budget Law 2008, a Decree still to be issued will introduce a new "white list", so as to identify those countries which (a) allow for a satisfactory exchange of information and (b) do not have a more favourable tax regime.

If none of the conditions above are met, capital gains realised by non-Italian resident Covered Bondholders from the sale or redemption of Covered Bonds issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent. (20 per cent on capital gains realised up to 30 June 2014).

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Covered Bonds are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Covered Bonds 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 the sale, early redemption or redemption of Covered Bonds.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006 (**Decree No. 262**), converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent on the value of the inheritance or the gift exceeding € 1,000,000, for each beneficiary;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent inheritance and gift tax on the value of the inheritance or the gift exceeding € 100,000, for each beneficiary; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Following the repeal of the Italian transfer tax contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (b) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 13 par. 2-ter of Part I of the tariff attached to Presidential Decree No. 642 of 26 October 1972 (**Decree 642**), a proportional stamp duty applies, based on the period accounted, to any periodic reporting communications which may be sent by a financial intermediary to a Covered Bondholder in respect of any Covered Bond which may be held by with such financial intermediary.

The stamp duty applies at a rate of 0.2 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Covered Bond is held. The stamp duty cannot exceed € 14,000.00 if the Covered Bondholder is not an individual.

The stamp duty applies both to Italian resident and non-Italian resident investors, to the extent that Covered Bonds are held with an Italian-based financial intermediary.

Wealth Tax on securities deposited abroad

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals holding the Covered Bonds outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the Covered Bonds at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. The amount of tax due, based on the value indicated by the Covered Bondholder in its own annual tax declaration, must be paid within the same date in which payment of the balance of the annual individual income tax ("IRPEF") is due.

Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the Wealth Tax if financial such assets are administered by Italian financial intermediaries pursuant to an administration agreement. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree 642 does apply.

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of

income payable on securities. The EU Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions) nor any other person would be obliged to pay additional amounts with respect to any Covered Bonds as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Implementation in Italy of the EU Savings Directive

Italy has implemented the Directive through Decree 84 of 18 April 2005 (Decree 84). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Luxembourg Taxation

The following is a general description of certain Luxembourg withholding tax considerations relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds, whether in Luxembourg or elsewhere. Prospective purchasers of the Covered Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and/or disposing of the Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds and the consequences of such actions under the tax laws of Luxembourg. This information is based on the laws, regulations and administrative and judicial interpretations presently in force in Luxembourg and is subject to any change in law that may take effect after such date.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

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

(i) with respect to Luxembourg non-resident investors, the application of the Luxembourg laws of 21 June 2005, as amended, (the **Savings Laws**) implementing the EU Savings Directive (Council Directive 2003/48/EC) and several agreements (the **Agreements**) concluded with certain dependent or associated territories of EU Member States (the **Territories**) and providing for the application of a 35% withholding tax on payments of interest or similar income made or ascribed 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 the Savings Laws) resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, 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 the Covered Bonds coming within the scope of the Savings Laws will be subject to a withholding tax at a rate of 35%.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive;

(ii) with respect to Luxembourg resident investors, to the application of the Luxembourg law of 23 December 2005, as amended, (the **Relibi Law**) which has introduced a 10% withholding tax on certain payments of interest made to certain Luxembourg resident individuals.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Savings Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner 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 the Covered Bonds coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 10 %.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg Savings Laws and Relibi Law is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the

U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "Recalcitrant Holder"). The Issuer is classified as an FFI and the Guarantor may be classified as FFT.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Covered Bonds characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Covered Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Covered Bonds are issued on or before the grandfathering date, and additional Covered Bonds of the same series are issued after that date, the additional Covered Bonds may not be treated as grandfathered, which may have negative consequences for the existing Covered Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an agreement (the **U.S.-Italy IGA**) based largely on the Model 1 IGA.

If the Issuer and Guarantor are treated as Reporting FIs pursuant to the U.S.-Italy IGA they do not anticipate that they will be obliged to deduct any FATCA Withholding on payments they make. There can be no assurance, however, that the Issuer and Guarantor will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. Accordingly,, the Issuer, the Guarantor and financial institutions through which payments on the Covered Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Covered Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

It is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Covered Bonds by the Issuer, the Guarantor, any paying agent and the depositary, given that each of the entities in the payment chain between the Issuer and with the partecipants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Covered Bonds.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Covered Bonds.

*The proposed financial transactions tax (**FTT**)*

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Covered Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Covered Bonds should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Covered Bonds are advised to seek their own professional advice in relation to the FTT.

"

GENERAL INFORMATION

Paragraph "*No significant change and no material adverse change*" on pages 253 of the Base Prospectus is replaced by the following:

"**No significant change and no material adverse change**

There has been no material adverse change in the prospects of the Covered Bonds Guarantor and of the Issuer since the date of their last published audited annual financial statements in respect of the year ended on 31 December 2013. There has been no significant change in the financial and trading position of the Issuer and the Covered Bond Guarantor since 30 June 2014."

* * *

Item (iv) and (vii) under paragraph "*Documents available for inspection*" on page 254 of the Base Prospectus are respectively replaced by the following:

"(iv) the Issuer's audited consolidated annual financial statements in respect of the years ending on 31 December 2011, 31 December 2012 and 31 December 2013;"

"(vii) the Covered Bond Guarantor's audited annual financial statements, in respect of the years ended on 31 December 2011, 31 December 2012 and 31 December 2013;"

* * *

The following items are included after item (xiv) under paragraph "*Documents available for inspection*" on page 254 of the Base Prospectus:

"(xv) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014, with auditors' limited review report;

(xvi) the Covered Bond Guarantor's unaudited interim condensed financial statements in respect of the half-year 2014;

(xvii) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the year ended on 31 December 2013;

(xviii) the Covered Bond Guarantor's auditors' review report in respect of the half-year 2014."

GLOSSARY

On page 261 of the Base Prospectus, the following definition is included after the definition of "*Eligible States*":

"**EMIR Regulation** means the Regulation (EU) 648/2012 of the European Parliament and Council dated 4 July 2012 on OTC derivatives, central counterparties and trade repositories as supplemented by the relevant delegated regulations, as amended from time to time."

* * *

On page 264 of the Base Prospectus, the following definitions are included after the definition of "*Investor Report*":

ISGS Mandate Agreement means the mandate agreement entered into on 16 December 2013 between ISGS, as Swap Service Provider, and the Covered Bonds Guarantor, as amended and supplemented from time to time, for the performance of certain service to be provided under the Swap Agreements further to the approval of the EMIR Regulation.

ISP Mandate Agreement means the mandate agreement entered into on 28 February 2014 between Intesa Sanpaolo, as Swap Service Provider, and the Covered Bonds Guarantor, as amended and supplemented from time to time, for the performance of certain service to be provided under the Swap Agreements further to the approval of the EMIR Regulation."

* * *

On page 270 of the Base Prospectus, the following definitions are included after the definition of "*Swap Curve*":

"**Swap Service Agreements** means ISP Mandate Agreement, the ISGS Mandate Agreement and any other mandate agreements that the Covered Bond Guarantor may enter, from time to time, into for the supply to the Covered Bond Guarantor of certain services due under the Swap Agreements pursuant to the EMIR Regulation;

Swap Service Providers means Intesa Sanpaolo, ISGS and any other party that has entered or will enter, from time to time, into a Swap Service Agreement;"