

**SUPPLEMENT DATED 25 SEPTEMBER 2014  
TO THE BASE PROSPECTUS DATED 31 JULY 2014**



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

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

**€30,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme**  
***unsecured and unconditionally and irrevocably guaranteed as to payments of interest and principal by***

**ISP OBG 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 31 July 2014 (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 (the **Luxembourg Law**).

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: (i) incorporating by reference in the Base Prospectus the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014, with auditors' limited review report; (ii) incorporating by reference in the Base Prospectus the Covered Bond Guarantor's unaudited interim condensed financial statements in respect of the half-year 2014; (iii) incorporating by reference the Covered Bond Guarantor's auditors' review report in respect of the half-year 2014; (iv) updating the section of the Base Prospectus entitled "*Description of the Issuer*", (v)

updating the section of the Base Prospectus entitled "*Description of the Covered Bond Guarantor*", (vi) updating the section of the Base Prospectus entitled "*General Information*"; and (vii) updating the section of the Base Prospectus entitled "*Documents incorporated by reference*".

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 29 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 by the Supplement are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

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## **DESCRIPTION OF THE ISSUER**

The paragraph entitled “*Organisational Structure*” at page 79 and 80 of the Base Prospectus is replaced by the following:

## “Organisational Structure



<sup>(1)</sup> Domestic commercial banking

<sup>(2)</sup> 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 Croatia, the Prague branch of VUB Banka in the Czech Republic, Bank of Alexandria in Egypt, CIB Bank in Hungary, Intesa Sanpaolo Bank Romania, Banca Intesa in the Russian Federation, Banca Intesa Beograd in Serbia, VUB Banka in Slovakia, Banca Koper in Slovenia and Pravex-Bank in Ukraine.
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.”

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The paragraph entitled "*Intesa Sanpaolo in 2013 and 2014*" on pages 80 to 82 of the Base Prospectus is 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.”

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The paragraph headed “*Management*”, on pages 83 to 86 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.

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities</b>
Giovanni Bazoli	Chairman	Deputy Chairman of La Scuola S.p.A.
Mario Bertolissi	Deputy chairman	Director of Equitalia S.p.A.
Gianfranco Carbonato	Deputy chairman	Chairman and Managing Director of Prima Industrie S.p.A. Chairman of Finn-Power OY (Finland) Chairman of Prima Electro S.p.A. Chairman of Prima Power North America Inc. Director of Prima Power China Co. Ltd. Director of 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

<b>Member of Supervisory Board</b>	<b>Position</b>	<b>Principal activities performed outside Intesa Sanpaolo S.p.A., where relevant with regard to the Issuer's activities</b>
		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 <i>in compulsory liquidation</i> 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
Beatrice Ramasco	Member	<p>Director of Marchesi Mazzei S.p.A.</p> <p>Director of Finprema S.p.A.</p> <p>Sole Director of JM Investments S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of Fiat Sepin S.c.p.a.</p> <p>Chairman of the Board of the Statutory Auditors of Iveco Acentro S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of Astra Veicoli Industriali S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of SADI S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of Iveco Partecipazioni Finanziarie S.r.l.</p> <p>Chairman of the Board of the Statutory Auditors of Fiat Gestione Partecipazioni S.p.A.</p> <p>Chairman of the Board of the Statutory Auditors of IN.TE.S.A. S.p.A.</p> <p>Member of the Board of the Statutory Auditors of Tyco Electronics AMP Italia Products S.p.A.</p> <p>Member of the Board of the Statutory Auditors of Tyco Electronics Italia Holding S.r.l.</p> <p>Member of the Board of the Statutory Auditors of Tekno Farma S.p.A.</p> <p>Member of the Board of the Statutory Auditors of SEDES Sapientiae S.r.l.</p> <p>Member of the Board of the Statutory Auditors of IBM Italia S.p.A.</p> <p>Member of the Board of the Statutory Auditors of FPT Industrial S.p.A.</p> <p>Member of the Board of the Statutory Auditors of Comau S.p.A.</p> <p>Official receiver of GIDIBI S.r.l. <i>in liquidazione</i></p> <p>Official receiver of Cascina Gorino S.s. <i>in liquidazione</i></p>
Marcella Sarale	Member	
Monica Schiraldi	Member	<p>Managing Director of Car City Club S.r.l.</p> <p>Managing Director of Ca.Nova S.p.A.</p> <p>Director of Extra.To S.c.a.r.l.</p>

### ***Management Board***

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

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

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

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

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The paragraph entitled "*Legal Risks*" on pages 87 to 96 of the Base Prospectus is replaced by the following:

#### **6. "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:

- (d) 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;
- (e) 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;
- (f) 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 writ 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 nature (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 Croatia 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-Croatian 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:

- (g) 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;
- (h) 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;
- (i) 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 following paragraph is inserted after the paragraph named “**Audited Consolidated Financial Statements**”:

**“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.”

\* \* \*

**DESCRIPTION OF THE COVERED BOND GUARANTOR**

Paragraph “*Administrative, Management and Supervisory Bodies*” on pages 112 to 114 of the Base Prospectus is replaced by the following:

**“Administrative, Management and Supervisory Bodies**

<i>Director</i>	<i>Position</i>	<i>Principal activities performed outside Intesa Sanpaolo Group</i>
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.
Vanessa Gemmo	Director	Professor at the faculty of economics at Università Cattolica del S. Cuore of Milan- “Management of Corporate Information Systems” and “IT for economics and management” and at Università degli studi dell’Insubria of Varese - Organization: people and technologies.
Mario Masini	Director	Professor, Financial Markets and Institutions, University of Bergamo  Director of Mediolanum Gestione Fondi Sgrpa

<i>Director</i>	<i>Position</i>	<i>Principal activities performed outside Intesa Sanpaolo Group</i>
		Director of ILME S.p.A. Director of IMAC S.p.A.

The statutory auditors of the Covered Bond Guarantor are:

<i>Statutory Auditor</i>	<i>Position</i>	<i>Principal activities performed outside Intesa Sanpaolo Group</i>
Giuseppe Dalla Costa -	Chairman	<ul style="list-style-type: none"> <li>• Chartered accountant and auditor;</li> <li>• Statutory auditor (regular) in Fidicommet;</li> <li>• Statutory auditor (regular) in Ebilforma;</li> <li>• Statutory auditor (regular) in Ebiter</li> </ul>
Nicola Bruni	Statutory auditor (regular)	<ul style="list-style-type: none"> <li>• Professor of Economy of Securities market - faculty of Economics- Università degli Studi of Bari Aldo Moro;</li> <li>• Chairman of the Statutory Auditors in Linear Life S.p.A.;</li> <li>• Chairman of the Statutory Auditors in Compagnia Assicuratrice Linear S.p.A.;</li> <li>• Chairman of the Statutory Auditors in Biotechnica Instruments S.p.A.;</li> <li>• Statutory auditor (regular) in F.I.L.A. S.p.A.;</li> <li>• Statutory auditor (regular) in Finitalia S.p.A.;</li> <li>• Statutory auditor (regular) in Europa Tutela Giudiziaria Compagnia di Assicurazioni S.p.A.;</li> <li>• Statutory auditor (regular) in Dialogo Assicurazioni S.p.A.;</li> <li>• Statutory auditor (regular) in Unipol Servizi Immobiliari S.p.A.;</li> <li>• Statutory auditor (regular) in SAIFIN - Sai Finanziaria S.p.A.</li> </ul>
Eugenio Braja	Statutory auditor (regular)	<ul style="list-style-type: none"> <li>• Chartered accountant and auditor;</li> <li>• Professor of "Business</li> </ul>

<i>Statutory Auditor</i>	<i>Position</i>	<i>Principal activities performed outside Intesa Sanpaolo Group</i>
		Administration" and "Business combinations" at Università del Piemonte Orientale
Carlo Maria Bertola	Statutory auditor (alternate)	<ul style="list-style-type: none"> <li>• Chairman of the Statutory auditors in Akhela S.r.l.;</li> <li>• Chairman of Statutory auditors in Massimo Moratti S.a.p.A.;</li> <li>• Statutory auditor (regular) in Società Edizioni e Pubblicazioni (S.E.P.) S.p.A.;</li> <li>• Chairman of the Statutory auditors in Nibaspa S.r.l.;</li> <li>• Statutory auditors in Mercurio S.p.A.;</li> <li>• Chairman of the Statutory auditors in Gianmarco Moratti S.a.p.A.</li> <li>• Chairman of the Statutory auditors in Ital Press Holding S.p.A.;</li> <li>• Statutory auditors in Deborah Group S.p.A.</li> <li>• Director of Consulenti Professionisti Associati S.p.A.</li> <li>• Director of Metodo S.r.l.</li> <li>• Chairman of Supervisory Board of Econocom International Italia S.p.A.</li> </ul>
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 (*Albo dei Revisori Legali dei Conti*).

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

\* \* \*

Paragraph “*Financial Information concerning the Covered Bonds Guarantor’s Assets and Liabilities, Financial Position, and Profits and Losses*” on page 115 is replaced by the following:

“The statutory interim financial statements of ISP OBG S.r.l. for the half-year period ended 30 June 2014, has been prepared in accordance with IAS/IFRS Accounting Standards principles in

respect of which an auditors' report on review has been delivered by KPMG S.p.A. on 4 August 2014. The financial information of the Covered Bond Guarantor derive from the statutory financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2012 and 31 December 2013. They are prepared in accordance with IAS/IFRS Accounting Standards principles in respect of which an audit report has been delivered respectively by Reconta Ernst and Young S.p.A. on 13 March 2013 and by KPMG S.p.A. on 19 March 2014. Such financial statements, together with the reports respectively of Reconta Ernst and Young S.p.A. and KPMG S.p.A. and the relevant accompanying notes, are incorporated by reference into this Base Prospectus (see the section headed "*Documents incorporated by reference*").

\* \* \*

### GENERAL INFORMATION

Paragraph "*No significant change and no material adverse change*" on page 254 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 Issuer and of the Covered Bond Guarantor 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 respectively since 30 June 2014."

\*.\*.\*

Paragraph "*Documents available for inspection*" on page 254 of the Base Prospectus is replaced by the following:

"For so long as the Programme remains in effect or any Covered Bonds shall be outstanding and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent, namely:

- (i) the Transaction Documents;
- (ii) the Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;
- (iii) the Covered Bond Guarantor's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;
- (iv) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014, with auditors' limited review report;
- (v) the Issuer's unaudited condensed consolidated interim financial statements as at 31 March 2014;
- (vi) 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 31 December 2013;
- (vii) 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 31 December 2012;

- (viii) the Covered Bond Guarantor's unaudited interim condensed financial statements in respect of the half-year 2014 with auditors' limited review report;
- (ix) the Covered Bond Guarantor's audited annual financial statements including the auditors' report thereon in respect of the year ended on 31 December 2013;
- (x) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2012 and the relevant auditors' report;
- (xi) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;
- (xii) the Terms and Conditions of the Covered Bonds contained in the prospectus dated 29 July 2013, pages 155 to 208 (inclusive), prepared by the Issuer in connection with the Programme;
- (xiii) any reports, letters, balance sheets, valuations and statements of experts included or referred to in the Base Prospectus (other than consent letters);
- (xiv) any Final Terms relating to Covered Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Covered Bondholders.

Copies of all such documents shall also be available to Covered Bondholders at the Specified Office of the Representative of the Covered Bondholders.”

\*.\*.\*

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The first three paragraphs of section “*Documents incorporated by reference*”, on page 256 of the Base Prospectus, are replaced by the following:

“This Base Prospectus should be read and construed in conjunction with the following documents, which have been previously published, or are published simultaneously with this Base Prospectus or filed with the CSSF, together, in each case, with the audit reports (if any) thereon:

- (a) the Issuer's unaudited condensed consolidated interim financial statements as at 30 June 2014;
- (b) the Issuer's unaudited condensed consolidated interim financial statements as at 31 March 2014;
- (c) 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 31 December 2013;
- (d) 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 31 December 2012;
- (e) the Covered Bond Guarantor's unaudited condensed interim financial statements as at 30 June 2014 and the relevant auditors' report;
- (f) the Covered Bond Guarantor's audited annual financial statements including the auditors' report thereon in respect of the year ended on 31 December 2013;

- (g) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2012 and the relevant auditors' report; and
- (h) the Terms and Conditions of the Covered Bonds contained in the prospectus dated 29 July 2013, pages 155 to 208 (inclusive), prepared by the Issuer in connection with the Programme.

Such documents shall be incorporated by reference into, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference into this Base Prospectus may be obtained from the registered office of the Issuer or, for the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014, with auditor's limited review report, the Issuer's unaudited condensed consolidated interim financial statements as at 31 March 2014, the Issuer's audited consolidated annual financial statements of the Issuer as at and for the years ended on 31 December 2013 and 31 December 2012 and the auditor's report for the Issuer for the financial years ended on 31 December 2013 and 31 December 2012 on the Issuer's website ([http://www.group.intesasanpaolo.com/scriptIsir0/si09/investor\\_relations/eng\\_bilanci\\_relazioni.jsp](http://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>).

The audited consolidated annual financial statements referred to above, together with the audit reports thereon, the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2014 and the Issuer's unaudited condensed financial statements as at 31 March 2014 are available both in the original Italian language and in English language. The English language versions represent a direct translation from the Italian language documents. The Issuer and the Covered Bond Guarantor, as relevant, are responsible for the English translations of the financial reports incorporated by reference in this Base Prospectus and declare that such is an accurate and not misleading translation in all material respects of the Italian language version of the Issuer's and Covered Bond Guarantor's financial reports (as applicable)."

\* \* \*

Under the "*Cross-reference List*" paragraph, on page 257 of the Base Prospectus, the following table is included before the table headed "*Unaudited interim consolidated financial statements of the Issuer for the three months ended on and as at 31 March 2014*":

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

<i>Unaudited half-year condensed consolidated financial statements</i>	<i>Page number(s)</i>
Consolidated financial statements	41
<i>Consolidated balance sheet</i>	42-43
<i>Consolidated income statement</i>	44
<i>Statement of consolidated comprehensive income</i>	45
<i>Changes in consolidated shareholders' equity</i>	46
<i>Consolidated statement of cash flows</i>	47
Explanatory notes	50
<i>Accounting policies</i>	51-58

<i>Subsequent events</i>	59
<i>Economic results</i>	60-72
<i>Balance sheet aggregates</i>	73-84
<i>Breakdown of consolidated results by business area and geographical area</i>	85-113
<i>Risk management</i>	114-138
<i>Shareholder base, transactions with related parties and other information</i>	139-145
Independent Auditors' Report	149-151

\* \* \*

Under the "*Cross-reference List*" paragraph, on page 257 of the Base Prospectus, the following table is included before the table headed "*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.)*":

**Covered Bond Guarantor half-yearly report as at and for the six months ended 30 June 2014**

<i>Unaudited half-year condensed financial statements</i>	<i>Page number(s)</i>
Statement of financial position	12-13
Income Statement	14
Statement of comprehensive income	15
Statement of changes in equity	16
Statement of Cash Flows	17
Notes	18-50
Independent Auditors' Review Report	1-2

\* \* \*

The four paragraphs at the end of the "*Cross-reference List*" paragraph, on page 258 of the Base Prospectus, are substituted by the following:

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

The consolidated financial statements of the Issuer as at and for the years ended on 31 December 2013 and 31 December 2012 have been audited and the unaudited condensed consolidated financial statements of the Issuer in respect of the half-year 2014 have been reviewed by KPMG S.p.A., in their capacity as independent auditors of the Issuer, as indicated in their reports thereon.

The financial statements of the Covered Bond Guarantor as at and for the year ended on 31 December 2013 have been audited and the interim condensed financial statements of the Covered Bond Guarantor in respect of the half-year 2014 have been reviewed by KPMG S.p.A., in their capacity as independent auditors of the Covered Bond Guarantor, as indicated in their reports thereon; whilst the financial statements of the Covered Bond Guarantor as at and for the year ended on 31 December 2012 have been audited by Reconta Ernst and Young S.p.A., in



their capacity as independent auditors of the Covered Bond Guarantor, as indicated in their reports thereon.

The financial statements referred to above have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union under Regulation (EC) 1606/2002.”