

SUPPLEMENT DATED 26 AUGUST 2015
TO THE BASE PROSPECTUS DATED 30 JULY 2015



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)

BY APPROVING THIS SUPPLEMENT, THE COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER (THE "CSSF") GIVES NO UNDERTAKING AS TO THE ECONOMICAL OR FINANCIAL OPPORTUNENESS OF THE TRANSACTION OR THE QUALITY AND SOLVENCY OF THE ISSUER IN LINE WITH THE PROVISIONS OF ARTICLE 7 (7) OF THE LUXEMBOURG LAW DATED 10 JULY 2005 ON PROSPECTUSES FOR SECURITIES.

This supplement (the **Supplement**) constitutes a Supplement to the Base Prospectus dated 30 July 2015 (the **Base Prospectus**) for the purposes of Article 16 of Directive 2003/71/EC (the **Prospectus Directive**) and Article 13, paragraph 1, of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005, as subsequently amended (the **Luxembourg Law**).

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 2015, 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 2015; (iii) incorporating by reference the Covered Bond Guarantor's auditors' review report relating to the Covered Bond

Guarantor's unaudited interim condensed financial statements in respect of the half-year 2015; (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 "*Collection and Recovery Procedures*", (vii) updating the section of the Base Prospectus entitled "*Taxation*"; (viii) updating the section of the Base Prospectus entitled "*General Information*"; and (ix) 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 28 August 2015), to withdraw their acceptances.

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

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

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

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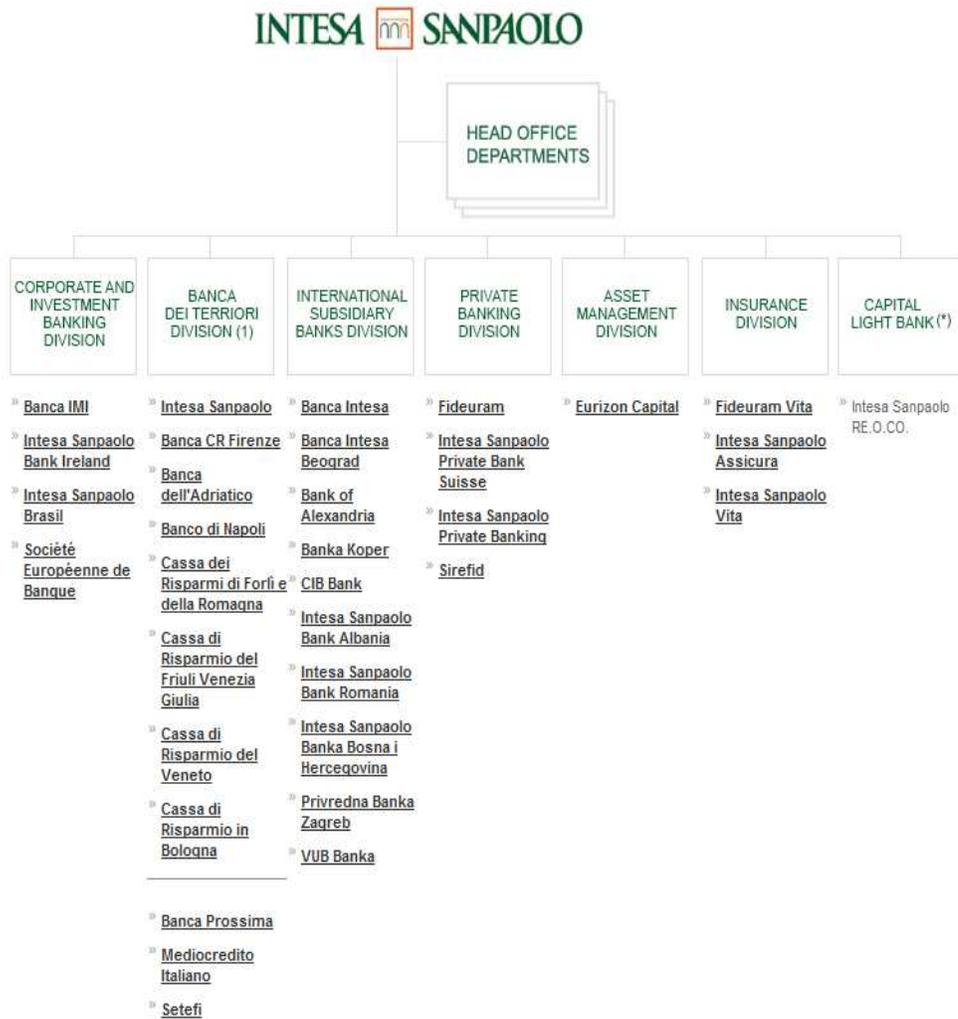
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DESCRIPTION OF THE ISSUER

Under the section headed “*Description of the Issuer*”, on pages from 78 to 81 (inclusive) of the Base Prospectus, at the sub-section headed “*History and organisation of the Intesa Sanpaolo Group*”, the paragraph “*Organisational Structure*” is replaced by the following:

Organisational Structure

Organisational structure



(1) Domestic commercial banking.

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

The Intesa Sanpaolo Group operates through seven business units:

- The **Banca dei Territori division**: focus on the market and centrality of the territory for stronger relations with individuals, small and medium-sized businesses and non-profit entities. The division includes the Italian subsidiary banks and the activities in industrial credit, leasing and factoring carried out through Mediocredito Italiano.
- The **Corporate and Investment Banking division**: a global partner which supports, taking a medium-long term view, the balanced and sustainable development of corporates and financial institutions, both nationally and internationally. Its main activities include capital markets and investment banking carried out through Banca IMI. 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.
- The **International Subsidiary Banks division**: includes the following commercial banking 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 and Banka Koper in Slovenia.
- The **Private Banking division**: serves the customer segment consisting of Private clients and High Net Worth Individuals with the offering of products and services tailored for this segment. The division includes Fideuram - Intesa Sanpaolo Private Banking, with about 5,900 private bankers.
- The **Asset Management division**: asset management solutions targeted at the Group's customers, commercial networks outside the Group, and the institutional clientele. The division includes Eurizon Capital, with approximately 221 billion euro of assets under management.
- The **Insurance division**: insurance and pension products tailored for the Group's clients. The division includes Intesa Sanpaolo Vita, Fideuram Vita, and Intesa Sanpaolo Assicura with technical reserves of approximately 119 billion euro.
- **Capital Light Bank**: set up to extract greater value from non-core activities through the workout of non-performing loans and repossessed assets, the sale of non-strategic equity stakes, and proactive management of other non-core assets (including Pravex-Bank in Ukraine).

On page 91 of the Base Prospectus, paragraph headed “*Management Board*” is replaced by the following paragraph:

“Management Board

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

Director	Position	Principal activities performed outside Intesa Sanpaolo S.p.A., where significant with respect to the Issuer’s activities
Gian Maria Gros-Pietro ^(a)	Chairman	Chairman of ASTM S.p.A. Director of Edison S.p.A.
Marcello Sala ^(b)	Senior Deputy Chairperson	
Giovanni Costa ^(b)	Deputy Chairperson	Director of Edizione S.r.l.
Carlo Messina ^(b)	Managing Director and CEO	
Gaetano Miccichè ^(c)	Member	Deputy Chairperson of Banca IMI S.p.A. Director of Prada S.p.A.
Bruno Picca ^(c)	Member	Director of Intesa Sanpaolo Group Services S.C.P.A.
Piera Filippi ^(a)	Member	
Stefano Del Punta ^(c)	Member	

(a) Non-executive, independent in accordance with Art. 148 of Consolidated Law on Finance

(b) Executive

(c) Manager, executive”

* * *

On page 92 of the Base Prospectus, paragraph headed “*Principal Shareholders*” is replaced by the following paragraph:

“Principal Shareholders

As at 4 August 2015, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 2 per cent.).

SHAREHOLDER	ORDINARY SHARES	% OF ORDINARY SHARES
<u>Compagnia di San Paolo</u>	1,486,372,075	9.374%
<u>BlackRock Inc. (1)</u>	775,978,889	4.894%
<u>Fondazione Cariplo</u>	767,029,267	4.838%
<u>Fondazione C.R. Padova e Rovigo</u>	531,264,450	3.351%
<u>Ente C.R. Firenze</u>	414,655,221	2.615%
<u>Norges Bank (2)</u>	331,386,184	2.090%
<u>People's bank of China</u>	317,642,846	2.003%

(1) Fund Management

(2) Also on behalf of the Government of Norway”

* * *

In the section headed “*Financial Information of the Issuer – An Overview*” at page 106 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 on 30 June 2015 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 on 30 June 2015 (the “**2015 Half-Yearly Financial Statements**”) that include comparative balance sheet figures as at 31 December 2014 and income statement figures for the six months ended on 30 June 2015.”

* * *

DESCRIPTION OF THE COVERED BOND GUARANTOR

On page 122 of the Base Prospectus, the second paragraph of the paragraph headed “*ISP OBG S.r.l. has been established as a special purpose vehicle for the purpose of guaranteeing the Covered Bonds*” is replaced by the following paragraphs:

“On 8 May 2015, the Ministerial Decree no. 53/2015 (the “**Decree 53/2015**”) issued by the Ministry of Economy and Finance, has been published in the Official Gazette of the Republic of Italy. The Decree 53/2015 came into force on 23 May 2015, repealing Decree no. 29/2009. Pursuant to Article 7 of the Decree 53/2015, covered bond guarantors belonging to a banking group as defined by Article 60 of the Banking Law, including ISP OBG S.r.l., will no longer have to register in the general register held by the Bank of Italy pursuant to Article 106 of the Banking Law. Therefore, starting from 31 July 2015, ISP OBG S.r.l. is no longer registered in the general register held by the Bank of Italy pursuant to Article 106 of the Banking Law. ”

* * *

Before the first paragraph under paragraph headed “*Financial Information concerning the Covered Bond Guarantor’s Assets and Liabilities, Financial Position, and Profits and Losses*” on page 126 of the Base Prospectus, the following paragraph is added:

“The statutory interim financial statements of ISP OBG S.r.l. for the half-year period ended on 30 June 2015, 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 31 July 2015.”

* * *

COLLECTION AND RECOVERY PROCEDURES

The section “*Collection and Recovery Procedures*” on page 132 and ff. is amended as follow:

“A. Performing Mortgage Loans

Payment Procedures

Almost all the mortgage loans begin to amortise on the first day of the second month falling after the execution date of the mortgage loan agreement (except where the mortgage loan agreements provide for pre-amortisation periods). From the date of execution of the agreement to the start date of the amortisation, the borrower is only required to pay interest.

The payment of the instalments under the mortgage loans can be mainly effected as follows:

- (i) by direct debit from the current account, held with any branch of the bank;
- (ii) by submitting the payment advice slip (MAV - “*Pagamento Mediante Avviso*”, at a branch of the relevant Bank, using the MAV system;
- (iii) by direct debit from the current account, held with another bank (**SDD Order**);
- (iv) by payment made at a branch of the relevant Bank and/or by a transfer from another bank.

For the purposes of this section “Collection and Recovery Procedures”, the “Bank” means any bank appointed as Servicer pursuant to the Servicing Agreement.

Direct debit payments from current accounts

Where payments are made by direct debit from a current account, a procedure is in place which identifies all the instalments falling due on a specific day and debits the current account (on such a day). Where a current account of the borrower does not have sufficient funds to its credit, the account will still be debited, and the IT system will automatically flag to each branch, on a daily basis, the list of instalments made which have caused a current account to exceed its limit. The relevant branch can then transfer the said instalment back to the current account.

Any default is immediately registered on the IT systems of the relevant Bank. The status of payments of a mortgage loan in any case can be checked at any time.

Payments by direct debit

In order to facilitate the making of payments by the borrowers and to offer borrowers services increasingly aimed at meeting their needs, it is also possible for the borrowers to make the payments of instalments due by authorising direct debit payments to current accounts held with other banks. Such instruction to debit accounts held with other banks, only to be carried out upon the explicit request of the relevant borrower, is an alternative to the debiting to a current account open with the relevant Bank. This option is interesting in respect of the management of borrowers operating with other credit institutions. This service contributes to reducing the number of mortgage loans which are not linked to a current account.

A few days prior to the instalments falling due in relation to the amounts to be collected through SSD order, the flows of amounts due are automatically determined and notified to the relevant correspondent bank. On the day of expiry of the debit instructions, the procedure credits the collections (“*salvo buon fine*”) subject to the availability of funds to a transitional account, and on the same day the “*Mutui*” procedure debits the amounts of the instalment due to such account so as to offset the credited amount.

Where such direct debit cannot be effected by the correspondent banks, the instalment payment is automatically transferred back to the transitional account by the procedure. Such payments are made automatically by the procedure. In view of the time that it takes for the banks with which the borrowers' accounts are held to return the credited amounts ("*salvo buon fine*") and the subsequent processing time, the instalment only appears as paid (or unpaid) approximately after thirty days.

The payment advice slip – (MAV) – “Pagamento Mediante avviso”

In order to ensure a faster registration of the payments made against the payment of mortgage loan instalments with other credit institutions and making the relevant procedure automatic, a payment advice slip was prepared in standard interbank form, which permits the automatic interbank payment system to be used to credit the amounts received to the relevant Bank.

The payment advice slip (MAV) is a paper form which can be presented to make payment at any bank which uses such a system (i.e. virtually all Italian banks). The Bank sends such form to the borrower, before the instalment payment is due, approximately forty five days, in case of a mortgage loan payable on a semi-annual basis or on a quarterly basis and twenty days, in case of a mortgage loan payable on a monthly basis. If the payment is then made with a branch of the Bank, the relevant registration is made in real time. If the borrower makes such payment with another bank, an electronic data flow concerning all the details of such payment is transferred to the bank.

The use of the automatic interbank payment system, in addition to accelerating the transfer of data and providing timely updates on the mortgage files, also minimises the manual work that needs to be carried out by the Bank in order to monitor the documented money transfers received from other banks.

Any payment made with another bank (and transferred electronically) is normally received within three days of the date of such payment.

Renegotiations of Mortgage Loans

Under the Servicing Agreement, the Servicer has been granted certain powers to renegotiate the Mortgage Loans (with respect to duration and interest rate). In addition, the Servicer may, inter alia, extend the duration of the floating and fixed rate loans, provided that (a) in respect of retail consumers only, the final deadline of the amortising plan shall not exceed 40 years and the relevant debtor shall not be over 75 (or such other limits as are determined pursuant to the current policy of the Group); (b) the Servicer shall allow payment holidays for up to twelve months in several circumstances (in the event of agreements promoted by trade associations (*associazioni di categoria*), eg. ABI in order to help small business and retail customers or in connection with laws and regulations, existing or to be enacted or reached, such as the *Fondo di solidarietà* pursuant to Ministerial Decree number 132 issued by the Ministry of Economy and Finance on 21 June 2010 or particular provisions to prevent natural disasters or humanitarian emergencies); **and** (c) the Servicer may allow payment holidays up to twelve months in the context of the then applicable commercial policy toward its clients).

B. Performing Securities

Payment Procedures

All principal redemption amounts, interest payments and any other amounts due for any reason in relation to the Securities will be credited by Monte Titoli or Clearstream (as the case may be) to the custodian bank in favour of the securities account opened and maintained in the name of the Covered Bond Guarantor, through specific segregated liquidator account, properly opened with Monte Titoli or Clearstream. The custodian bank automatically and promptly pays the collected amounts as follows:

- any principal amount to the Principal Securities Collection Account; and
- any interest amount to the Interest Securities Collection Account

(jointly, the **Securities Collection Accounts**).

Further payments

If, for any reason, the Servicer receives any collections other than those described above, the Servicer shall carry out a reconciliation of the amounts received within 20 (twenty) days from the receipt of such amounts by the Debtors and credit to the relevant Securities Collection Account, in respect of principal and interest, such sums received and reconciled within 3 (three) Business Days following the reconciliation of such amounts and with value date corresponding to the collection date by the Servicer.

Collection verification

Further to any payment date of each Security, as set forth under the relevant Securities documents, the Servicer will verify that the amounts due as principal, interest or for any other reason due in relation to each Security have been credited on the relevant Securities Collection Account, in respect of principal and interest, with value date corresponding to the relevant payment date of each Securities, as set forth under the relevant Security documents.

C. Management of Loans in Arrears or likely to become in Arrears (crediti con arretrati o potenzialmente in arretrato)

Constant monitoring of the quality of the loan portfolio is pursued through specific operating activities for all the phases of loan management, using both IT procedures and activities aimed at the systematic analysis of loans, in order to promptly detect any symptoms of anomaly and promote corrective actions aimed at preventing situations of possible deterioration of credit risk. Symptoms of the possible deterioration of loans are captured through several indicators (level of risk of any debtor and level of risk of the economic group, rating of the relevant borrower, *overdrafts*, ratio of instalments in arrears, etc.).

On the basis of the monitoring activity mentioned above, the Bank identifies within its portfolio loans which, while not yet showing features falling within the definition of “non-performing loans”, require special management approaches. These loans still considered as “performing” fall in the categories of "*Proactive Management/Credito Proattivo*" and "*In Risanamento*".

Since 7/2014, the ***Proactive Management*** Unit has been established for the management of those customers showing potential problems, with the aim of addressing the anomalies in a correct and timely manner from the very first signs of deterioration, with the involvement of the commercial unit as from the very first phases of the process. Proactive Management process is carried out through specialised structures both at a central (Chief Lending Officer Area) and at a peripheral level (Regional Directions for loans pertaining to Banche dei Territori Division).

Each month the interaction between processes and procedures allows to make automatic and timely assessments on the reason of the insurgence of any anomaly. An indicator is assigned expressing a brief but significant assessment of the counterparty risk, considering the behaviour of the counterparty with the Bank. The tool is essential for the assignment of a "risk level" that, in connection with the counterparty economic sector, is expressed as a score between "-10" (maximum risk) and "+10" (minimum risk).

High risk positions are taken care by the Proactive Management Unit and the relationship manager must prepare an action plan within 30 days. The Proactive Management Unit supports

the loan manager in order to analyse the loan, validates the action plans and monitors that such plans are followed.

When risks are perceived as particularly high, the loan may be classified as *Non performing (Deteriorato)*.

A loan falls automatically into the Proactive Management Category when at least one of the following criteria is met:

- Risk Level is High or Medium/High
- Overdraft of limited amount (only for Private or Small Business Micro Segments)
- There is a continuous overdraft for more than 30 days for an amount above the materiality threshold
- The overdue instalment ratio (coefficiente rate arretrate, i.e. the ratio between the overdue amounts – including default interest – and the instalment due) is higher or equal to 1

In case of retail customers the interception does not take into account the Risk Level, but only certain well defined (fatal) symptoms, or overdue amounts.

The process starts with contacting the client to verify the causes of the problems that led to the interception, with timing prescribed by:

- The contact Unit
- The Branch Manager

When necessary, all due actions are put in place to support the client who is facing temporary difficulties in honouring its obligations with the Bank.

Once the borrower is intercepted, the Bank management process can be divided in three statuses: “Phone Banking”, “Branch Management”, and “Proactive Management”.

- 1) The *Phone Banking status* is applicable only to Private or Small Business Micro segments, intercepted due to the *coefficiente rate arretrate* (the ratio between amount in arrears, including default interests, and the last instalment due) or due to an overdraft of limited amount, in both cases when full identification data for the client are available. The Contact Unit contacts the borrowers, verifies the reason of their difficulties in facing their obligations, with the aim of finding, whenever possible, an agreement to settle the overdue amounts or, in case this is not feasible, to arrange a meeting at the Bank.

The client is given a grade (from one to three) on the basis of how difficult the solution is perceived by the Contact Unit.

The client may remain in this status for maximum 60 days.

The Branch may decide within 10 days since the loan has been intercepted, to exclude some loans from this status. This causes automatically the classification of the loan into the “Branch Management” category.

Any position that at the maturity of the status still shows the symptoms that caused the interception, is automatically classified into the “Proactive Management” status.

- 2) The *Branch Management status* is applicable to any loan, intercepted due to overdraft of a material amount, or – only when full identification data for the clients are not available – due to overdraft or due to the *coefficiente rate arretrate*.

The client is given a grade on the basis of how difficult the solution is perceived by the Contact Unit.

The client may remain in this status for maximum 60 days.

Any position that at the maturity of the status still shows the symptoms that caused the interception is automatically classified into the “Proactive Management” status.

- 2) The *Proactive Management status* is applicable to those loans:
 - i. Previously falling into the Phone Banking and Branch Management status and not normalized at the expiration of the status
 - ii. Intercepted for Risk Level
 - iii. Classified into the Small Business Core and Corporate Regolamentare Segments and with overdraft exceeding below threshold longer than 30 days.

This status does not have a pre-defined maturity; it ends when the loan is normalised or when it is classified into the “*In Risanamento*” status (described hereinafter) or “credito deteriorato” status.

Another status “*In Risanamento*” defines positions with overall exposure higher than € 1 million (at group level) and with at least one of the following conditions:

- 1) prospect of an interbank table for any restructuring plan
- 2) request for a moratorium/standstill in sight/presence of an inter-bank table for any restructuring plan/reorganization or restructuring / reorganization under the Bankruptcy Law (art. 67 letter. d, art. 182 / bis),
- 3) possible restructuring / reorganization under the Bankruptcy Law (art. 67 letter. d, art. 182 / bis or of similar models of foreign law).

Loans classified as “*Credito Proattivo*” and “*In Risanamento*” are still considered as “performing”.

“Non performing loans”

In 2014 the European Banking Authority (EBA) published the final version of the "Draft Implementing Technical On Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013". Consequently on January 2015 the Bank of Italy issued an updated regulations providing for the amendment of the subdivision of non-performing financial assets into risk-categories, thus harmonizing its regulations to the new European Union law.

According to new Bank of Italy’s regulations, “Non performing loans” consist in:

- Past due exposures (“*Sconfino*”);
- Unlikely to pay (“*Inadempienze probabili*”);
- Doubtful (“*Sofferenze*”).

All such exposures are subject to valuations for accounting purposes.

Furthermore, it has also been identified a new array of exposures covering all loans being renegotiated because of financial difficulties (existing or likely to exist) of the counterparty. Such range of loans can be classified as follows:

- Forbearance Non Performing: non performing exposures with forbearance measures

- Forbearance Performing: performing exposures with forbearance measures.

“Past due exposures”

Exposures other than those classified as Doubtful or Unlikely to Pay that, as at reporting date, are past due for over 90 days on a continuous basis and exceeding a materiality threshold.

“Unlikely to pay”

Some specific and minimum criteria are taken into consideration for the classification of an exposure as Unlikely to pay. It's the result of the assessment as to the improbability that the borrower will thoroughly fulfil its credit obligations (by way of repayment of principal and/or interest) without recourse to actions such as the enforcement of guarantees/ collateral. Such assessment should be carried out irrespectively of any past due and/or unpaid amounts (or instalments).

“Doubtful”

According to the provisions of the Bank of Italy, the total exposure of a borrower who is insolvent or bankrupt or is in the process of being declared insolvent or bankrupt or who has an equivalent status, is considered as “*in sofferenza*” (even where no judgment has yet been given in relation to such insolvency), regardless of any debt predictions which may have been drawn up by the Bank or any valuations made in relation to guarantees.

In each case, in the Programme, a mortgage loan will be considered as being a Defaulted Loan if the loan is classified as “*in sofferenza*” according to the provisions of the Bank of Italy (as defined above) and, in any event, where the ratio of the sum of instalment payments in arrears divided by the last instalment due is greater than or equal to (i) 10, in the case of a mortgage loan payable on a monthly basis, (ii) 4 in the case of a mortgage loan payable on a quarterly basis and (iii) 2 in the case of a mortgage loan payable on a semi-annual basis.

External Collection

For the out-of-court settlement of the loans in arrears granted to households and clients belonging to the small business segment, being classified as *Credito Proattivo* or *Deteriorato* (only *Inadempienza probabile*, *Sconfino* and restructured loans), in addition to their internal offices, the banks of the *Divisione Banca dei Territori* now avail themselves of specialised external companies having the necessary regulatory requirements.

The assignment and management process is supported by a dedicated IT processing system allowing the immediate visibility of the collection actions undertaken by such external companies and a punctual monitoring of the evolution of the loan status.

The relevant thresholds for the appointment of third party Companies are:

- in respect of counterparties that have only unsecured exposures, where such exposures are between Euro 15,500 and Euro 50,000; and
- in respect of counterparties that have both unsecured exposures and mortgage loans, where the aggregate exposure is between Euro 15,500 and Euro 200,000, provided that the mortgage loan amount is equal to or higher than 80 per cent. of the total exposure.

The main contractual conditions applicable to the appointment of third party companies are the following:

- appointments are granted periodically, usually monthly, according to the Bank's needs and in its total discretion, without any obligation to grant a minimum number of loans to third party companies;

- such companies undertake to carry out the assignments with upmost care and according to criteria of qualified expertise;
- such companies' activities are to be carried out in full compliance with any Authority's laws, regulations or provisions applicable from time to time and, in particular, are to operate in careful compliance with anti-money laundering laws and personal data protection;
- such companies cannot directly collect amounts due on the Loans, unless they have the necessary regulatory authorisations.

In order to carry out their appointment, such companies may appoint an external lawyer to receive advice and to send further payment reminders to the relevant debtor. Such companies shall provide monthly reports on the activities carried out and also provide the Bank with specific written reports.

Renegotiation

In the case of a mortgage loan with overdue payments, the term of the amortisation plan only may be renegotiated.. As to the positions classified as, *Gestione Proattiva*, *In Risanamento*, *Sconfino* or *Inadempienza probabile*, the proposal of a renegotiation of the Mortgage Loan to the relevant client must obtain previous clearance by the relevant department of the Servicer.

The characteristics of such renegotiation are as follows, subject to renegotiations made under laws or regulations or agreements promoted by relevant authorities or trade associations (*associazioni di categoria*), existing or to be enacted or reached:

- option to include the amount of the overdue, unpaid instalments, together with the residual debt, with a restructuring of the amortisation plan; the customer has the option to extend the term of the loan for another 10 years compared to the original maturity, in compliance with the limits set out below:
- for retail customers, an overall term of the loan, including the extension, of no more than 40 years and provided that at the new maturity the age of the principal debtor does not exceed 75 years;
- for Companies, within the maximum limit equal to twice the residual life of the renegotiated Loan;
- solely for the positions classified as *Credito Proattivo*, in *Risanamento*, *Sconfino* or *Inadempienza probabile*, it is possible to provide a pre-amortisation period of no more than 36 months in which only interest instalments will be paid, with specific authorisation at the minimum level of Regional Department/BDT Division Bank limited to Private counterparties;
- without prejudice, as a priority, to the need to collect, together with the renegotiation, in addition to the interest accrued from the last instalment due on the day of completion of the transaction, the contractual interest accrued on overdue payments in the last six months and all default interest, with specific authorisation at the minimum level of resolution of the Regional Department of the BDT Division and only for positions classified as *Overrun* and/or *Substandard*, the last two items (accrued interest in the last six months and default interest) may be extended and deferred on the renegotiated loan. In this case, the extension period may last up to a maximum of 36 months and no later than the remaining term of the renegotiated loan. These items will be non-interest bearing, not subject to late payment interest including in the event of default and will be collected in instalments starting from the first instalment after those made up only of interest (in case of any pre-amortisation period). Derogation to the collection for Performing positions is not permitted.

Restructuring

A loan may be restructured according to Italian laws dealing with bankruptcy establishing criteria and ways of restructuring

D. The Management of the Defaulted Loans classified as “*in sofferenza*”

The assignment of the management of the Defaulted Loans classified as “*in sofferenza*” to the First Special Servicer or the Second Special Servicer will comply with the provisions included in the Servicing Agreement.

The Management of the Defaulted Loans Classified as “*in sofferenza*” by the First Special Servicer

A judicial action will be carried out as follows:

(i) directly, to the extent possible, for actions to be taken by the parties (*atti di parte*) (e.g. timely proving in bankruptcy, declaration of credit in insolvency proceedings, etc.) or for judicial acts carried out with the assistance of in-house counsels,

and

(ii) by appointing external counsel for judicial initiatives (e.g. injunction decree (*decreto ingiuntivo*), and foreclosure proceedings, etc), whose activity will be closely supervised.

As for the recovery activity of positions having a significant value, an initial assessment will be carried out and all the urgent and necessary actions will be implemented to maximise the chance of recovery of the claim. The best operating strategy will then be devised in order to maximise the recovery within the shortest possible period of time and, in particular, it may be resolved:

(a) to carry out the direct recovery of the individual claim (whether in the framework of a judicial action or by an out-of-court procedure);

(b) to entrust the recovery to external companies (almost exclusively in the case of positions of negligible amount);

(c) to carry out transfers of individual claims without recourse (*pro soluto*).

In order to manage the Defaulted Loans classified as “*in sofferenza*”, the First Special Servicer has been granted by ISP OBG S.r.l., *inter alia*, the power to authorise any judicial, administrative and enforceable action in any court and at any level of judgment.

The First Special Servicer may perform its activities also through the divisions and units of Intesa Sanpaolo.

Management of the Defaulted Loans Classified as “*in sofferenza*” by the Second Special Servicer

Once the receivables are recorded as Defaulted Loans classified as “*in sofferenza*”, the Servicer communicates the credit position to the Second Special Servicer by providing information on the financial situation of the debtor and any guarantors and submits all the documentation needed to activate the recovery. In communicating to the Second Special Servicer the credit position of the Defaulted Loans classified as “*in sofferenza*”, the Servicer highlights, *inter alia*, that the relevant Defaulted Loans classified as “*in sofferenza*” relate to the Programme.

The powers of the Second Special Servicer in relation to Defaulted Loans classified as “*in sofferenza*” that it manages itself are the same as the powers conferred upon the Second Special Servicer in respect of individual customers by certain agreements between Intesa Sanpaolo and the Second Special. Such management powers shall be deemed to be amended from time to time in the event of subsequent agreements between the companies of Intesa Sanpaolo Group and the Second Special Servicer, provided that such powers may not be wider than the powers of the First Special Servicer as provided by the Collection Policies. In case of amendments of these powers, the First Special Servicer will promptly inform ISP OBG S.r.l. and the Representative

of the Covered Bondholders.

As specified under the Servicing Agreement, the Second Special Servicer may also avail itself of third parties, who will act under its responsibility, to carry out specific services relating to the management of defaulted loans classified as “*in sofferenza*”. The power to delegate to such third parties is regulated by certain agreements between Intesa Sanpaolo and the Second Special Servicer. . Even in this case, such powers shall be deemed amended from time to time in the event of subsequent agreements between the First Special Servicer and the Second Special Servicer. In case of amendments of these powers, the First Special Servicer will promptly inform ISP OBG S.r.l. and the Representative of the Covered Bondholders.

Pursuant to the *Accordo di Gestione* (i) the Second Special Servicer will continue to manage exclusively the Defaulted Loans delegated to it until 30 April 2015, with reference to the clients who, at the date of the relevant delegation, had an exposure not higher than €249,999; and (ii) starting from 1 May 2015, Intesa Sanpaolo Group Services S.C.p.A. will manage the Defaulted Receivables delegated to it prior to 30 April 2015 (with reference to the clients who, at the date of the relevant delegation, had an exposure higher than €249,999), as well as any other loans which, starting from 1 May 2015, may be classified by the Servicer as Defaulted Loans.

E. Defaulted Securities - Monitoring of events of default

The Servicer shall monitor on a continuing basis the financial performance of the Securities and the fulfilment of the Debtors’ obligations in respect of the Securities, and shall classify as Defaulted Securities the Securities (i) whose issuer has been classified as “in default”; (ii) that may be considered “in default” in accordance with the provisions of the relevant Securities documents provided that an acceleration notice has been served by the relevant representative of the noteholders or trustee, and (iii) that have been delinquent for more than 30 Business Days starting from the maturity date provided for under the relevant Securities documents.”

* * *

TAXATION

In the section entitled “*Republic of Italy*”, the seventh paragraph under subsection “*Italian resident Covered Bondholder*”, on page 254 of the Base Prospectus is replaced by the following:

“As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that such pension funds invest in certain medium long term financial assets as identified by the Ministerial Decree of 19 June 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.”

* * *

In the section entitled “*Republic of Italy*”, the tenth paragraph under subsection “*Capital gains tax*”, on page 257 of the Base Prospectus is replaced by the following:

“As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that such pension funds invest in certain medium long term financial assets as identified by the Ministerial Decree of 19 June 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.”

* * *

GENERAL INFORMATION

Paragraph "*Documents available for inspection*" on page 268 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 2015, with auditors’ limited review report;
- (v) the Issuer’s unaudited condensed consolidated interim financial statements as at 31 March 2015;
- (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 2014;
- (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 2013;
- (viii) the Covered Bond Guarantor’s unaudited interim condensed financial statements in respect of the half-year 2015 with auditors’ limited review report;
- (ix) the Covered Bond Guarantor’s audited annual financial statements in respect of the year ended on 31 December 2014 and the relevant auditor’s report;
- (x) the Covered Bond Guarantor’s audited annual financial statements including the auditors’ report thereon in respect of the year ended on 31 December 2013;
- (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 the official list and traded on the regulated market of the Luxembourg Stock Exchange (such Final Terms will be also available on the internet site of the Luxembourg Stock Exchange, at www.bourse.lu). 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 270 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 2015;
- (b) the Issuer’s unaudited condensed consolidated interim financial statements as at 31 March 2015;
- (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 and as at 31 December 2014;
- (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 and as at 31 December 2013;
- (e) the Covered Bond Guarantor’s unaudited condensed interim financial statements as at 30 June 2015;
- (f) the Auditors’ Review Report to the Covered Bond Guarantor’s unaudited condensed interim financial statements as at 30 June 2015;
- (g) the Covered Bond Guarantor’s audited annual financial statements in respect of the year ended on and as at 31 December 2014;
- (h) the auditor’s report to the Covered Bond Guarantor’s audited annual financial statements in respect of the year ended on and as at 31 December 2014;
- (i) the Covered Bond Guarantor’s audited annual financial statements, including the auditor’s report thereon, in respect of the year ended on 31 December 2013; and
- (j) 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 2015, with auditor’s limited review report, the Issuer’s unaudited condensed consolidated interim financial statements as at 31 March 2015, the Issuer’s audited consolidated annual financial statements of the Issuer as at and for the years ended on 31 December 2014 and 31 December 2013 and the auditor’s report for the Issuer for the financial years ended on 31 December 2014 and 31 December 2013 on the Issuer’s website (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 interim financial statements in respect of the half-year 2015 and the Issuer's unaudited condensed consolidated interim financial statements as at 31 March 2015 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 270 and ff. of the Base Prospectus, the following table is included before the table headed "*Unaudited condensed consolidated interim financial statements of the Issuer as at 31 March 2015*":

"Intesa Sanpaolo half-yearly report as at and for the six months ended on 30 June 2015

<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
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<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 - 110
<i>Risk management</i>	111 - 134
<i>Shareholder base, transactions with related parties and other information</i>	135 - 140
Independent Auditors' Report	143 - 146"

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Under the "*Cross-reference List*" paragraph, on page 272 of the Base Prospectus, the following table is included before the table headed "*Audited financial statements of the Covered Bond Guarantor for the year ended on 31 December 2014 (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 on 30 June 2015

<i>Unaudited half-year condensed financial statements</i>	<i>Page number(s)</i>
Statement of financial position	13 - 14
Income Statement	15
Statement of comprehensive income	17
Statement of changes in shareholders' equity	18
Statement of Cash Flows	19
Explanatory Notes	20 – 56
Independent Auditors' Review Report	separate document ”