SUPPLEMENT DATED 25 AUGUST 2011

TO THE BASE PROSPECTUS DATED 19 OCTOBER 2010

Intesa Sanpaolo S.p.A.

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

€20,000,000,000.00 Covered Bond Programme (*Obbligazioni Bancarie Garantite*) Programme

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

ISP CB Ipotecario S.r.l.

(*incorporated with limited liability 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 19 October 2010, as supplemented on 14 July 2011 (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, the Covered Bonds Guarantor and the Seller 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, the Seller and the Covered Bonds 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 Base Prospectus Directive and Luxembourg Law, as a supplement issued in compliance with the Base Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of: (i) incorporating by reference in the Base Prospectus (a) the press release relating to the unaudited half-yearly financial statements of Intesa Sanpaolo as at and for the six months ended 30th June, 2011 and (b) the Covered Bond Guarantor's interim condensed financial statements in respect of the half-year 2011; (ii) updating the section of the Base Prospectus headed "*Description of the Issuer*"; (iii) updating the section of the Base Prospectus headed "*Taxation*" and, consequently, (iv) updating the section headed "*General Information*" of the Base Prospectus.

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 within a time limit of minimum two working days after the publication of this Supplement, 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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DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the section of the Base Prospectus headed "*Documents Incorporated by Reference*" beginning on page 6 of the Base Prospectus.

The press release dated 5th August, 2011 (the **Press Release**), having previously been published and filed with the CSSF, shall be incorporated by reference in and form part of this Supplement.

For ease of reference, the table below sets out page references for specific items of information contained in the Press Release. Any information not listed in the cross-reference table but included in the document incorporated by reference is given for information purposes only.

The Press Release will be published on the Luxembourg Stock Exchange website at www.bourse.lu.

1.	Reclassified consolidated statement of income of the Intesa Sanpaolo Group for the six months ended 30th June, 2011	Page 14
2.	Quarterly development of the reclassified consolidated statement of income	Page 15
3.	Reclassified consolidated balance sheet of the Intesa Sanpaolo Group as at 30th June, 2011	Page 16
4.	Quarterly development of the reclassified consolidated balance sheet	Page 17
5.	Breakdown of financial highlights and financial ratios by business area	Page 18

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The first three paragraphs of the section headed "*DOCUMENTS INCORPORATED BY REFERENCE*", beginning on page 6 of the Base Prospectus are replaced as follows:

"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 audited annual consolidated financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles, and the Issuer's audited annual financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the years ending on 31 December 2008 and 31 December 2009;

(b) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2010;

(c) the Covered Bond Guarantor's audited annual financial statements in respect of the years ending on 31 December 2008 and 31 December 2009;

(d) the Covered Bond Guarantor's unaudited condensed financial statements in respect of the half-year 2010;

(e) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the years ending on 31 December 2008 and 31 December 2009 and the half-year 2010;

(f) the Issuer's audited consolidated annual financial statements in respect of the year ended on 31 December 2010;

(g) the Issuer's unaudited quarterly condensed consolidated financial statements for the three months ended 31 March 2011, with auditors' limited review report;

(h) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2010;

(i) the auditors' report dated 10 March 2011 for the Covered Bond Guarantor in relation to the financial statements in respect of the years ending on 31 December 2010;

(j) the Covered Bond Guarantor's unaudited interim condensed financial statements in respect of the half-year 2011.

Such documents shall be incorporated 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 audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2008, 31 December 2009 and 31 December 2010, and the auditor's report for the Issuer for the financial year ended 31 December 2008, 31 December 2009 and 31 December 2010, on the Issuer's website (www.intesasanpaolo.com). 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)."

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The information set out below supplements the paragraph "*Cross-reference List*" beginning on page 6 of the Base Prospectus:

Covered Bond Guarantor half-yearly report as at and for the six months ended 30 June 2011

Unaudited half-year condensed financial statements	***Page number(s)***
Balance Sheet	11
Income Statement	13
Statement of Cash Flows	16
Explanatory Notes	17-41
Independent Auditors' Report	Separate document

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The last four paragraphs of the paragraph "*Cross-reference List*" beginning on page 6 of the Base Prospectus are replaced as follows:

"Any information not listed above but included in the documents incorporated by reference is given for information purpose only.

The consolidated financial statements of the Issuer as at and for the years ended on 31 December 2008, 31 December 2009 and 31 December 2010 have been audited by Reconta Ernst & Young 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 years ended on 31 December 2008, 31 December 2009 and 31 December 2010 have been audited and the interim condensed financial statements of the Covered Bond Guarantor in respect of the half-year 2011 have been reviewed by Reconta Ernst & 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."

DESCRIPTION OF THE ISSUER

The information set out below supplements the section of the Base Prospectus headed "*Description of the Issuer*" beginning on page 71 of the Base Prospectus and, more specifically: (i) the paragraph "*Share Capital*" below replaces the paragraph "*Share Capital*" on page 72 of the Base Prospectus, (ii) the paragraph "*Principal Shareholders*" below replaces the paragraph "*Principal Shareholders*" and the table thereunder on page 78 of the Base Prospectus; and (iii) the paragraph "*Recent Events*" below supplements the paragraph "*Recent Events*" beginning on page 81 of the Base Prospectus.

Share Capital

At 30th June, 2011 Intesa Sanpaolo issued and paid-up share capital amounted to € 8,545,561,614.72, divided into 16,433,772,336 shares with a nominal value of €0.52 each, in turn comprising 15,501,281,775 ordinary shares and 932.490.561 non-convertible saving shares. Since 30th July, 2011 there has been no change to Intesa Sanpaolo's share capital.

Principal Shareholders

As of 30th June, 2011, the shareholder structure of Intesa Sanpaolo was composed as follows (holders of shares exceeding 2%).

Shareholders	**Ordinary shares**	**% of ordinary shares**
Compagnia di San Paolo	1,506,372,075	9.718%
Fondazione Cariplo	767,029,267	4.948%
Fondazione C.R. Padova e Rovigo	750,092,011	4.839%
Crédit Agricole S.A.	592,000,000	3.819%
Assicurazioni Generali S.p.A.	590,924,220	3.812%
Ente C.R. Firenze	514,655,221	3.320%
BlackRock Inc. (1)	376,688,882	2.430%
Fondazione C.R. in Bologna	313,656,442	2.023%

(1) Fund Management (as per declaration of 12th July 2010)

Recent Events

Intesa Sanpaolo: Supervisory Board

On 20th July, 2011, Intesa Sanpaolo published a press release, the full text of which is set out below:

"Intesa Sanpaolo announces that, in accordance with article 23.9 of the Articles of Association, Professor Eugenio Pavarani has joined the Supervisory Board in substitution of Professor Ferdinando Targetti. Professor Pavarani already served on the Supervisory Board in the years 2007-2008-2009."

Intesa Sanpaolo: new remuneration policies of the Group

On 20th July, 2011, Intesa Sanpaolo published a press release, the full text of which is set out below:

"Today, the Intesa Sanpaolo Supervisory Board - upon proposal of the Management Board - approved the Group's new remuneration policies. These policies adopt by the deadline of 31 July 2011 the regulations recently issued by the Bank of Italy[(1)] on this matter.

These policies include the new incentive system (hereafter, also the "System") intended for a part of the Management staff and the so-called "risk takers" of the Intesa Sanpaolo Group. The System replaces the long-term incentive Plan approved last year, in the light of the relevant changes that took place in national and international regulations.

The previous Plan already met, to a large extent, the criteria provided for in the new regulations, among which incentives linked to actual medium-term value creation and the appropriate balancing between fixed and variable components. The most significant difference between the proposed System and the previous Plan regards the introduction of shares - explicitly required by the Bank of Italy - as part of the variable component of remuneration.

The proposed System is fully compliant with recent provisions, specifically as regards:

– the identification of "most relevant staff", whose decisions significantly affect the Bank's risk profile. To these persons specific remuneration rules apply in terms of variable component payments;

– the appropriate balance between the fixed and variable component of remuneration;

– the structure of the variable component, of which:

  a. at least 40% (up to a maximum of 60% for directors who hold executive offices, key senior managers and managers responsible for main business lines, corporate functions or geographical areas) must be subject to deferred payment systems for a period of at least three years;

  b. at least 50% must be paid in shares or share-based financial instruments; this percentage applies in the same proportion to the deferred variable component as well as to the non-deferred component (the so-called "up-front");

– a specific retention mechanism (for no less than two years for the up-front component and a shorter period for the deferred component) with respect to the financial instruments under letter b.

The proposed System falls under the category of financial instrument-based remuneration plan pursuant to Article 114-bis, paragraph 1 of Legislative Decree 58 of 24 February 1998. Moreover, in accordance with Article 84-bis of the Issuer's Regulation issued by Consob, the System is to be considered as being of "particular importance" since it addresses, inter alia, top and senior executives who have regular access to privileged information and have the power to make management decisions which may affect the Group's evolution and outlook.

The Informational Document will be made public at the Company's Registered office and at Borsa Italiana and published on the Company's website group.intesasanpaolo.com in accordance with Article 84-bis of the Issuer's Regulation. The main characteristics of the System are shown below.

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(1) "Provisions regarding remuneration and incentive policies and practices in banks and banking groups" published on the Official Journal of the Republic of Italy on 7 April 2011.

Recipients

The System is addressed to the "most relevant staff", as defined by the Supervisory Provisions.

They have been identified by the Supervisory and the Management Boards, within their respective competencies, and include Chief Executive Officer Corrado Passera, General Managers Gaetano Miccichè and Marco Morelli, other Top Managers(2), Managers of internal control functions at Group level(3), Managers responsible for the main corporate departments and business units. The "most relevant staff" also include employees, defined by regulations as "risk takers", who may take relevant risks for the Group, for example the managers in charge of the main units of Banca IMI. According to current estimations the "most relevant staff" are made up of a total of around 120 employees.

Recipients include Managers who have regular access to privileged information and have the power to make management decisions which may affect the issuer's evolution and outlook.

Moreover, the Company has decided that the System is for the benefit of a larger number of recipients (so-called "enlarged perimeter") than those identifiable by merely applying current regulatory provisions, with the aim of spreading a sustainability-oriented culture within the Group by actually linking remuneration with long-lasting effectiveness and stability of results and capital base.

To recipients included in the "enlarged perimeter", represented by about 780 other employees, specific ways are provided which defer the remuneration variable component. The use of share-based instruments will instead be limited, also in terms of amount, to employees included in the Top Executive Group (around 80 managers) who, due to the business under their responsibility, are not included among the "most relevant staff".

Plan rationale

Long-term incentive plans are designed, in general terms, to retain managers and support their motivation to achieve the company's multi-year targets. Where they include financial instrument-based remuneration, they also favour alignment of interest between employees and shareholders, via the managers' direct participation in corporate risk.

Under this approach, the plans are an integral component of the remuneration system of the Intesa Sanpaolo Group involving Management staff, key resources and strategic professionals, fully in line with its investment in human capital development, in the framework of a policy targeting sustainable long-term development and accountability vis-à-vis all stakeholders. They are instruments to incentivise recipients to achieve yearly and multi-year targets identified by the Bank's competent functions among those indicators that better reflect the Group's long-term profitability, taking into account risks, cost of capital, liquidity and capital base levels needed to carry out planned activities.

The revision of the mechanisms in force to date within the Group and the adoption of the proposed System have become necessary to implement the new Supervisory Provisions which require, among other things, that intermediaries adopt incentive mechanisms with specific characteristics.

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(2) As at today's approval and in accordance with criteria set out in IAS 24, the Top Management includes, in addition to the Chief Executive Officer and the General Managers, the Manager responsible for preparing the company's financial reports, the Managers in charge of the Business Units, the corporate centre activities, the Head Office departments reporting directly to the CEO and the Chairman of the Management Board, the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Transactions and Special Projects.

(3) Under the existing corporate structure, Managers of internal control functions are the Manager responsible for preparing the company's financial reports, the Chief Risk Officer, the Manager in charge of the Internal Auditing Head Office Department, the Manager in charge of

the Human Resources Head Office Department, the Manager in charge of the Compliance Head Office Department, the Manager in charge of the Risk Management Head Office Department and the Manager in charge of the Anti money-laundering function. The first 4 managers, while remaining in the group of Top Managers, are responsible for “Control Functions” in application of the specific rules on incentives introduced by the new Supervisory Provisions.

Moreover, the proposed incentive system enables simplifying the mechanisms of human resources management by unifying in a single tool both the short and long-term incentive plans previously in force.

The System is effective from 2011 and applies to the 2011-2013 three-year period of the Business Plan. It is understood that any changes in the external conditions, including further amendments to national and international regulations as may occur in the future on the subject of remuneration will be adopted in the System to the extent possible without substantially changing its purpose and structure.

All detailed information on Plan implementation, as provided for in Annex 3A, Schedule 7, of the Issuer’s Regulation will be duly disclosed to the market on completion of the assignment phase.

Characteristics of financial instruments to be awarded

The System provides for a bonus, for each year of the 2011-2013 period, to the abovementioned recipients, of 50% cash and 50% Intesa Sanpaolo ordinary shares. The latter will be purchased on the MTA market (Mercato Telematico Azionario) in accordance with relevant authorisation which will be granted at the Shareholders’ Meeting.

60% of the overall bonus due (percentage reduced to 40% for the Chief Executive Officer, Top Managers and other Managers covering specific positions) shall be awarded to recipients the year following the reference period (so-called up-front quota) in the percentage of payment in cash and shares as described above.

The remaining part will be paid out pro-rata in the subsequent three years as follows: the first third of the instalment will be paid cash, the second will be allocated in shares and the last in cash and shares in equal part.

As set out in the Supervisory Provisions, each instalment paid in shares is subject to a two-year retention for the up-front quota and a one-year retention for the deferred quotas; the retention period starts from the date of accrual of the incentives under the System.

Allocation of shares to which recipients have become eligible will occur only at the end of the retention period shown above and is subject to the recipient being an employee of a Group company. Exception is made for consensual retrenchment agreements which will be fully governed by implementation rules.

As the previous short and long-term incentive plans have been unified in a single system, the overall amount of target bonus to which recipients are theoretically eligible for each year is basically equal to the amount of the yearly target bonus plus the yearly quota envisaged in the long-term incentive Plan approved at the Shareholders’ Meeting of 30 April 2010, with a reduction of around 10% for the “most relevant staff”. This aims at implementing the new regulatory provisions with no potential further costs for the income statement.

More in detail, the “most relevant staff” shall be awarded an annual bonus, including the deferred quota and the quota paid in shares, corresponding, as a rule, to around 60% of the remuneration pay mix if they fully achieve the targets assigned. In the light of guidelines of regulatory bodies, Managers of internal control functions, even if included in the group of Top Managers, may benefit from a variable component having the same characteristics of that attributed to the “most relevant staff”, of a lesser amount and equal to about 40% of the remuneration pay mix.

The incentive mechanism involving the “most relevant staff” also applies to recipients included in the “enlarged perimeter”, with the exception of simplified deferral timeframe (the deferred quota is paid in a single instalment after two years) and bonus disbursement. As a rule, the deferred quota would be paid entirely in shares to the Top Executive Group and entirely in cash to the remaining employees; the up-front quota would instead be paid exclusively in cash to all the recipients included in the “enlarged perimeter”.

In full harmony with the criterion of symmetry between the amount of the bonuses paid and actual corporate performance, the amount of the incentive, without prejudice to the provisions made for the Manager responsible for preparing the Company’s financial reports and Managers of internal control functions, will be linked to the degree of achievement of the yearly and multi-year corporate targets, which are verified after the approval of the draft financial statements by the competent corporate bodies; therefore, if the targets are only partially achieved, there will be a consequent reduction in the bonus, while if the targets are exceeded, the incentive will be increased accordingly.

Accrual of the overall bonus to be awarded for each year is subject to the achievement of Group performance targets, measured by the EVA® indicator or other similar indicator. It is also subject to a minimum threshold being exceeded, both at Group and Division/Business Unit level, with respect to a specific synthetic indicator shown below which is also used to quantify the incentive.

In fact, the value of the bonus payable, including the deferred quota and that payable in shares, is linked to the degree of achievement of a specific synthetic indicator made up of targets of i) profitability (e.g. operating income), ii) efficiency (e.g. cost/income), iii) risk containment (e.g. loan adjustments), iv) sustainability, having taken into account risks and cost of capital (e.g. EVA®) and v) quality, fairness in the relationship with customers and containment of legal and reputational risks (e.g. customer satisfaction, audit report, etc.)[4]. A cumulative greatest weighting is given to economic targets in the composition of the quoted synthetic indicator (around 20/25% each), while an overall weighting of maximum 10% is given to qualitative indicators.

In addition, each deferred quota is subject to an *ex post* correction mechanism - the so-called “malus condition” - which provides that the relevant amount paid and the number of shares allocated, if any, may be curtailed with respect to the degree of achievement, in the year to which the quota pertains, of specific targets which measure long-lasting sustainability of value creation (EVA®) and the compliance with the maximum risk level the Group can sustain both in terms of capital base (considering as reference the level of the Core Tier 1 or Common Equity) and specific levels of liquidity (through indicators similar to the Net Stable Funding Ratio of Basel III, which enable monitoring the structural trend of liquidity in the medium-long term).

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(4) As regards Managers of internal control functions, without prejudice to the Group gateways being exceeded, the incentive accrued is strictly defined, in accordance with Supervisory Provisions, taking as reference qualifying indicators which are specific of their respective functions.”

Intesa Sanpaolo passes the EU-wide stress test

On 15th July, 2011, Intesa Sanpaolo published a press release, an extract of which is set out below:

“Intesa Sanpaolo was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Bank of Italy, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

Intesa Sanpaolo notes the announcements made today by the EBA and the Bank of Italy on the EU-wide stress test and fully acknowledges the outcomes of this exercise.

The EU-wide stress test, carried out across 90 banks covering over 65% of the EU banking system total assets, seeks to assess the resilience of European banks to severe shocks and their specific solvency to hypothetical stress events under certain restrictive conditions.

The assumptions and methodology were established to assess banks' capital adequacy against a 5% Core Tier 1 capital benchmark and are intended to restore confidence in the resilience of the banks tested. The adverse stress test scenario was set by the ECB and covers a two-year time horizon (2011-2012). The stress test has been carried out using a static balance sheet assumption as at December 2010. The stress test does not take into account future business strategies and management actions and is not a forecast of Intesa Sanpaolo profits.

As a result of the assumed shock, the estimated consolidated Core Tier 1 capital ratio of Intesa Sanpaolo would change to **8.9%** under the adverse scenario in 2012 compared to **7.9%** as of end of 2010. This result **incorporates the effects of the Capital Increase fully committed up to 30 April 2011 and fully subscribed within 22 June 2011** and does not take into account future mitigating actions planned by Intesa Sanpaolo.

Details on the results observed for Intesa Sanpaolo:

The EU-wide stress test requires that the results and weaknesses identified, which will be disclosed to the market, are acted on to improve the resilience of the financial system. Following completion of the EU-wide stress test, the results determine that Intesa Sanpaolo meets the capital benchmark set out for the purpose of the stress test. The bank will continue to ensure that appropriate capital level must be maintained."

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The information set out below supplements the paragraph "*FINANCIAL INFORMATION OF THE ISSUER – AN OVERVIEW*" beginning on page 89:

Intesa Sanpaolo: results as at 30th June, 2011

On 5th August, 2011, Intesa Sanpaolo issued a press release announcing details of the Intesa Sanpaolo Group's consolidated financial results as at and for the six months ended 30th June, 2011. Such press release, having previously been published and having been filed with the CSSF, shall be incorporated by reference in and form part of this Supplement.

The financial information contained in the press release is not derived directly from the Intesa Sanpaolo Group's consolidated half-yearly financial statements and has been reclassified and restated in order to be presented on a basis which the Issuer believes is more consistent with previous year results. For financial information directly derived from the consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30th June, 2011, see "Summary Financial Information of the Intesa Sanpaolo Group" below.

Summary Financial Information of the Intesa Sanpaolo Group

The financial information set out below has been derived from the unaudited consolidated half-yearly financial statements of the Intesa Sanpaolo Group as at and for the six months ended 30th June, 2011 (the "2011 Half-Yearly Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as implemented in the European Union by Regulation (EC) No. 1606/2002.

As at the date of this Supplement, the 2011 Half-Yearly Financial Statements are available in Italian. The Issuer confirms that this Supplement does not contain any information that is inconsistent with the information contained in the 2011 Half-Yearly Financial Statements and that there is no information contained in the 2011 Half-Yearly Financial Statements but not contained (or incorporated by reference) in this Supplement which is capable of affecting the assessment of the Covered Bonds issued under the Programme.

The financial information below forms only a part of the 2011 Half Yearly Financial Statements and has been translated from the original Italian. The Issuer confirms that such translation is correct, accurate, not misleading and accepts responsibility accordingly.

Declaration of the Officer Responsible for Preparing Intesa Sanpaolo's Financial Reports

Pursuant to paragraph 2 of Article 154-bis of the Financial Law, the officer responsible for preparing Intesa Sanpaolo's financial reports, Ernesto Riva, declares that the accounting information contained in this Supplement corresponds to the company's documentary results, books and accounting records.

INTESA SANPAOLO
CONSOLIDATED BALANCE SHEETS
AS AT 30/06/2011 AND 31/12/2010

Assets

	30/06/2011 (unaudited)	*31/12/2010 (audited)*
	(in millions of Euro)	
Cash and cash equivalents	4,252	4,758
Financial assets held for trading	60,555	71,899
Financial assets designated at fair value through profit and loss	36,303	35,549
Financial assets available for sale	68,991	61,612
Investments held to maturity	2,856	3,839
Due from banks	43,194	42,737
Loans to customers	372,361	379,235
Hedging derivatives	5,058	7,377
Fair value change of financial assets in hedged portfolios (+/-)	61	92
Investments in associates and companies subject to joint control	2,694	2,716
Technical insurance reserves re-assured with third parties	22	27
Property and equipment	5,391	5,455
Intangible assets of which:	25,343	25,990
- goodwill	*18,891*	*19,217*
Tax assets	7,826	8,733
a) current	*1,923*	*2,759*
b) deferred	*5,903*	*5,974*
Non-current assets held for sale and discontinued operations	38	75
Other assets	9,728	8,663
Total assets	**644,673**	**658,757**

INTESA SANPAOLO
CONSOLIDATED BALANCE SHEETS
AS AT 30/06/2011 AND 31/12/2010

Liabilities and Shareholders' Equity

	30/06/2011 (unaudited)	*31/12/2010 (audited)*
	(in millions of Euro)	
Due to banks	49,665	52,860
Due to customers	211,341	221,064
Securities issued	176,036	179,983
Financial liabilities held for trading	38,215	45,045
Financial liabilities designated at fair value through profit and loss	24,729	26,144
Hedging derivatives	5,269	5,884
Fair value change of financial liabilities in hedged portfolios (+/-)	752	1,412
Tax liabilities	3,284	3,269
a) current	*588*	*661*
b) deferred	*2,696*	*2,608*
Liabilities associated with non-current assets held for sale and discontinued operations	-	-
Other liabilities	18,160	13,658
Employee termination indemnities	1,348	1,370
Allowances for risks and charges	3,014	3,280
a) post employment benefits	*362*	*374*
b) other allowances	*2,652*	*2,906*
Technical reserves	52,887	50,188
Valuation reserves	-937	-1,054
Redeemable shares	-	-
Equity instruments	-	-
Reserves	13,792	12,143
Share premium reserve	36,143	33,102
Share capital	8,546	6,647
Treasury shares (-)	-11	-10
Minority interests (+/-)	1,038	1,067
Net income (loss)	1,402	2,705
Total liabilities and shareholders' equity	**644,673**	**658,757**

INTESA SANPAOLO
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED 30/06/2011 AND 30/06/2010

	30/06/2011 (unaudited)	*30/06/2010 (unaudited)*
	(in millions of Euro)	
Interest and similar income	9,195	8,572
Interest and similar expense	-3,627	-3,389
Interest margin	5,568	5,183
Fee and commission income	3,176	3,212
Fee and commission expense	-620	-617
Net fee and commission income	2,556	2,595
Dividend and similar income	376	285
Profits (Losses) on trading	167	95
Fair value adjustments in hedge accounting	-29	-84
Profits (Losses) on disposal or repurchase of:	475	152
a) loans	*12*	*-2*
b) financial assets available for sale	*457*	*153*
c) investments held to maturity	*-1*	*-*
d) financial liabilities	*7*	*1*
Profits (Losses) on financial assets and liabilities designated at fair value	-109	53
Net interest and other banking income	9,004	8,279
Net losses/recoveries on impairment	-1,395	-1,467
a) loans	*-1,343*	*-1,419*
b) financial assets available for sale	*-86*	*-47*
c) investments held to maturity	*-1*	*-*
d) other financial activities	*35*	*-1*
Net income from banking activities	7,609	6,812
Net insurance premiums	5,669	3,832
Other net insurance income (expense)	-6,089	-4,009
Net income from banking and insurance activities	7,189	6,635
Administrative expenses	-4,520	-4,594
a) personnel expenses	*-2,792*	*-2,802*
b) other administrative expenses	*-1,728*	*-1,792*
Net provisions for risks and charges	-88	-197
Net adjustments to/recoveries on property and equipment	-182	-194
Net adjustments to/recoveries on intangible assets	-348	-357
Other operating expenses (income)	236	252
Operating expenses	-4,902	-5,090
Profits (Losses) on investments in associates and companies subject to joint control	-128	11
Valuation differences on property, equipment and intangible assets measured at fair value	-	-
Goodwill impairment	-	-
Profits (Losses) on disposal of investments	176	9
Income (Loss) before tax from continuing operations	2,335	1,565
Taxes on income from continuing operations	-888	-533
Income (Loss) after tax from continuing operations	1,447	1,032
Income (Loss) after tax from discontinued operations	-	691
Net income (loss)	1,447	1,723
Minority interests	-45	-33
Parent company's net income (loss)	**1,402**	**1,690**
Basic EPS – Euro	0.11	0.13
Diluted EPS – Euro	0.11	0.13

TAXATION

The information set out below supplements the paragraph "*Republic of Italy*" of the section of the Base Prospectus headed "*Taxation*" beginning on page 224 of the Base Prospectus.

New tax regime of Covered Bonds held by Italian investment funds and SICAVs

As of 1 July 2011, if the investor in Covered Bonds issued by Intesa Sanpaolo is resident in Italy and is a fund or a SICAV (subject to the tax regime set out by Law No. 77 of 23 March 1983) and the relevant Covered Bonds are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the management result of the fund or the SICAV. The fund or SICAV will not be subject to taxation on such result, but a substitute tax or withholding tax of 12.5% will apply (subject to the change in rate described in the following paragraph), in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Substitute Tax**).

Similarly, capital gains on the Covered Bonds issued by Intesa Sanpaolo and realised by an Italian fund or SICAV as of 1 July 2011 shall no longer be subject to tax in the hands of the fund or SICAV. The Collective Investment Fund Substitute Tax will apply in certain circumstances, to distributions by the fund or SICAV to unitholders or shareholders.

New tax rate on Interest and capital gains effective as from 1st January 2012

Potential investors are advised that Law Decree No. 138 of 13th August 2011 (**Law Decree No. 138**) introduced a uniform 20 per cent. rate replacing the rate of all *imposta sostitutiva* and withholding taxes described in this section as applying at 12.5 or 27 per cent, including the Asset Management Tax. The newly implemented 20 per cent. rate (the **New Rate**) will be effective provided that Law Decree No. 138 is converted by the Italian Parliament into law within 60 days from the issuance date. As at the date of this Supplement the Italian Parliament has not yet converted Law Decree No. 138. Upon converting Law Decree No. 138 into law, the Italian Parliament may amend the relevant provisions, also with retroactive effect.

The New Rate will apply on:

(i) interest accrued as of (or following) 1st January 2012 on Covered Bonds qualifying as *obbligazioni* or *titoli similari alle obbligazioni* issued by Intesa Sanpaolo with a maturity of no less than eighteen months;

(ii) interest payable as of (or following) 1st January 2012 on Covered Bonds qualifying as *obbligazioni* or *titoli similari alle obbligazioni* issued by Intesa Sanpaolo with a maturity of less than eighteen months;

(iii) interest payable as of (or following) 1st January 2012 on Covered Bonds possibly qualifying as atypical securities; and

(iv) capital gains realised as of (or following) 1st January 2012.

The New Rate will apply to interest and capital gains arising from Covered Bonds issued by the Issuer, regardless of their original maturity. The 20 per cent. surcharge applicable under the current legislation in the case of early redemption of Covered Bonds issued with original maturity in excess of 18 months and redeemed prior to the 18th month will no longer apply. Withholding taxes on payments made by the Covered Bond Guarantor may apply at the New Rate.

Exemptions that are currently available under the existing legislation are unaffected.

Furthermore, interest and capital gains accrued and realised by pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252, will be included in the increased value of the managed assets and will continue to be subject to Pension Fund Tax at the 11 per cent. rate.

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

Under certain conditions, Law Decree No. 138 also provides for the possibility of certain categories of investors to recalculate the fiscal value of financial assets, including the Covered Bonds, according to the relevant market value registered on 31 December 2011, paying a substitute tax calculated on the amount of the relevant capital gain. The implementation of these provisions is demanded to a Decree to be issued by the Ministry of Economy and Finance.

GENERAL INFORMATION

The information set out below supplements the paragraph "*No significant change and no material adverse change*" on page 235 of the Base Prospectus:

There has been no significant change in the financial and trading position nor material adverse change in the prospects of the Covered Bonds Guarantor and of the Issuer since the date of their last published audited annual financial statements in respect of the year ended on 31 December 2010. There has been no significant change (i) in the financial and trading position of the Issuer since 31 March 2011 and (ii) in the financial position of the Covered Bond Guarantor since 30 June 2011.

* * *

The information set out below supplements the section headed "*Documents available for inspection*" on page 236 of the Base Prospectus:

(xv) the Covered Bond Guarantor's unaudited condensed financial statements in respect of the half year 2011 and the auditors' review report thereon.