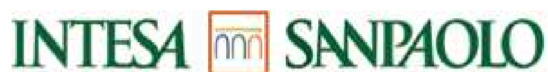
SUPPLEMENT DATED 13 APRIL 2016

TO THE BASE PROSPECTUS DATED 27 JULY 2015 AS SUPPLEMENTED ON 26 AUGUST 2015



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 (*Obbligazioni Bancarie Garantite*) Programme

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

ISP CB Pubblico S.r.l.

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

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

This supplement (the "**Supplement**") constitutes a Supplement to the base prospectus dated 27 July 2015, as supplemented on 26 August 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 (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 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 2015; (ii) incorporating by reference the Covered Bonds Guarantor audited annual financial statements, including the auditor's report thereon, in respect of the year ended on and as at 31 December 2015; (iii) updating the following sections of the Base Prospectus: (a) "*Risk Factors*", (b) "*Documents incorporated by reference*", (c) "*General description of the Programme*", (d) "*Description of the Issuer*", (e) "*Description of the Covered Bonds Guarantor*", (f) "*Selected Aspects of Italian Law*", (g) "*Taxation in the Republic of Italy*", (h) "*General Information*", and (i) "*Glossary*".

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).

* * *

Pursuant to a contribution of business activity (*conferimento di ramo d'azienda*), performed on 1 March 2016 and with effect from the same date between Finanziaria Internazionale Securitisation Group S.p.A. and FISG S.r.l., Finanziaria Internazionale Securitisation Group S.p.A. has contributed, *inter alia*, all its activities of representative of the covered bondholders to FISG S.r.l., accordingly, FISG S.r.l. has succeeded to Finanziaria Internazionale Securitisation Group S.p.A. as Representative of the Covered Bondholders in the context of the Programme.

As a consequence of the above, all references in the Prospectus to "Finanziaria Internazionale Securitisation Group S.p.A." shall be deemed to be replaced with references to "FISG S.r.l.".

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RISK FACTORS

On pages 24 and ff. of the Base Prospectus, the following periods contained in paragraph headed "*Basel III and CRD IV*", are substituted by the following:

(a) The last period on page 24 is substituted by the following:

"*The implementation began on 1st January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws be delayed. Additionally, it is possible that Member States may introduce certain provisions at an earlier date than that set out in the CRD IV Package. It should be noted that on 24th March 2016, the European Central Bank (ECB) published the Regulation on the exercise of options and discretions (ONDs) and the ECB Guide on options and discretions available in Union law. These documents lay down how the exercise of options and discretions in banking legislation will be harmonised in the euro area.*".

(b) The third, fourth and fifth period on page 27 are substituted by the following:

*"One of the main proposed changes to the global regulatory framework is for G-SIBs to be required to have a minimum Total Loss Absorbing Capacity ("**TLAC**"). In November 2014, the Financial Stability Board (the "FSB") published a consultation document setting out its proposals for TLAC, which were endorsed at the Group of Twenty's (G20) Brisbane conference in November 2014. The FSB on November 2015 issued the final TLAC standard for G-SIBs, with application starting from 2019.*

G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, they will be required to meet a Minimum TLAC requirement of at least 16% of the resolution group's risk-weighted assets (TLAC RWA Minimum) as from 1 January 2019 and at least 18% as from 1 January 2022. Minimum TLAC must also be at least 6% of the Basel III leverage ratio denominator (TLAC Leverage Ratio Exposure (LRE) Minimum) as from 1 January 2019, and at least 6.75% as from 1 January 2022.Liabilities that are eligible for TLAC shall be capital instruments and instruments that are contractually, statutorily or structurally subordinated to certain "excluded liabilities" (including insured deposits and liabilities that cannot be effectively written down or converted into equity by relevant authorities) in a manner that does not give rise to a material risk of compensation claims or successful legal challenges. The impact on G-SIBs may well come ahead of 2019, as markets may force earlier compliance and as banks will need to adapt their funding structure in advance. The EU Commission is now working on a legislative proposal implementing the TLAC in the EU, which will likely be published by the end of 2016. Under discussion is also the possibility to extend the standard of TLAC to other systemic important institutions (O-SIIs) by introducing an integrated approach adapting the Minimum Requirement for Own Funds and Eligible Liabilities" (MREL) of the BBRD to TLAC (see below for details) .

Moreover, it is worth mentioning the Basel Committee has embarked on a very significant RWA variability review. This includes the "Fundamental Review of the Trading Book", revised standardised approaches (credit, market, operational risk) and a consultation paper on a

*capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The finalization of the new framework is likely to be expected in the course of 2016 for all the relevant workstreams. The new setup will have a revolutionary impact on risk modelling: directly on the exposures assessed via standardized approach, but also indirectly on internal ratings based approach ("**IRB**") RWA, due to the introduction of capital floors that, according to the new framework, will be calculated basing on the revised standardized approach. In this sense in March 2016, the Basel Committee on Banking Supervision published a consultation on the reduction of variation in credit risk-weighted assets. The aim of the consultation is to propose new rules to constrain the use of internal models approach and reduce the complexity of the regulatory framework and variability of capital requirements for credit risk.".*

***

On page 28 of the Base Prospectus, the paragraph headed "*The Intesa Sanpaolo Group will be subject to the provisions of the EU Recovery and Resolution Directive, once finalised and implemented, in the future*", is substituted by the following:

"***The Intesa Sanpaolo Group may be subject to the provisions of the EU Recovery and Resolution Directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing.***

*On 2 July 2014, the Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Banks Recovery and Resolution Directive**" or "**BRRD**") entered into force.*

The BRRD provides competent authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD provides that it shall be applied by Member States from 1 January 2015, except for the General Bail-In Tool (as defined below) which is applicable from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which grants resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are

*convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-In Tool**"), which equity could also be subject to any future application of the General Bail-In Tool.*

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilization tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD. In particular, a single resolution fund financed by bank contributions at national level is being established and Regulation (EU) no. 806/2014 establishes the modalities for the use of the fund and the general criteria to determine contributions to the fund.

An institution will be considered as failing or likely to fail when: (a) it is, or is likely in the near future to be, in breach of its requirements for continuing authorization; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (d) it requires extraordinary public financial support (except in limited circumstances).

*In addition to the General Bail-In Tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments at the point of non-viability and before any other resolution action is taken ("**BRRD Non-Viability Loss Absorption**").*

For the purposes of the application of any BRRD Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

The powers set out in the BRRD will impact on how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors.

Although the bail-in powers are not intended to apply to secured debt (such as the rights of Covered Bondholders in respect of the Covered Bond Guarantee), the determination that securities issued by the Group will be subject to write-down, conversion or bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control. This determination will also be made by the relevant resolution authority and there may be many factors, including factors not directly related to the bank or the Group, which could result in such a determination. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of a bail-in power may occur which would result in a principal write off or conversion to other securities, including equity. Moreover, as the criteria that the relevant resolution authority will be obliged to consider in exercising any bail-in power provide it with considerable discretion, holders of the securities issued by the Group may not be able to refer to publicly available criteria in order to anticipate a potential exercise

of any such power and consequently its potential effect on the Group and the securities issued by the Group. Potential investors in the securities issued by the Group should consider the risk that a holder may lose all or part of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

With specific reference to the Covered Bonds, to the extent that claims in relation to the relevant Covered Bonds are not met out of the assets of the Cover Pool or the proceeds arising from it (and the Covered Bonds subsequently rank pari passu with senior debt), the Covered Bonds may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in Covered bondholders losing some or all of their investment. In the limited circumstances described above, the exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Covered Bondholders, the price or value of their investment in any relevant Covered Bonds and/or the ability of the Issuer to satisfy its obligations under any relevant Covered Bonds.

*On 31 July 2015, the "European Delegation Law 2014" – Law No. 114 of 9 July 2015 – was published on the Italian Official Gazette containing, inter alia, principles and criteria for the implementation by the Government of the BRRD in Italy. Subsequently, on 16 November 2015, the Italian Government issued Legislative Decrees No. 180 and 181 implementing the BRRD in Italy (the "**BRRD Implementing Decrees**"). The BRRD Implementing Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the bail-in tool applies from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME's will apply from 1 January 2019.*

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

*In addition, given that (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the general bail-in tool and (ii) Article 44(3) provides that the resolution authority may partially or fully exclude certain further liabilities from the application of the general bail-in tool, the BRRD contemplates accordingly that pari passu ranking liabilities may be treated unequally. With respect to the BRRD Implementing Decrees, Legislative Decree No. 180 of 16 November 2015 sets forth provisions regulating resolution plans, the commencement and closing of resolution procedures, the adoption of resolution measures, crisis management related to cross-border groups, powers and functions of the national resolution authority and also regulating the national resolution fund. On the other hand, Legislative Decree No. 181 of 16 November 2015 ("**Decree No. 181**") introduces certain amendments to the Consolidated Banking Act and the Financial Law Consolidation Act, by introducing provisions regulating recovery plans, intra-group financial support, early intervention measures and changes to creditor hierarchy. Moreover, the decree also amends certain provisions regulating the*

extraordinary administration procedure ("amministrazione straordinaria") , in order to make them compliant with the European regulation. The regulation on the liquidation procedures applied to banks ("liquidazione coatta amministrativa") are also amended in compliance with the new regulatory framework and certain new market standard practices.

It is important to note that, pursuant to article 44 (2) of the BRRD, as implemented by article 49 of Legislative Decree No. 180 of 16 November 2015, resolution authorities shall not exercise the write down or conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledge, lien or collateral against which it is secured.

Furthermore, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Decree No. 181 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to resolution, by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME's will benefit from a preference in respect of senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits which under the national insolvency regime currently in force in Italy rank pari passu with any unsecured liability owed to the Covered Bondholders, will rank higher than such unsecured liabilities in normal insolvency proceedings and therefore that, on application of the general bail-in tool, such creditors will be written-down/converted into equity capital instruments only after Covered Bonds (for the portion, if any, that could be subject to bail-in in accordance with the above). Therefore, the safeguard set out in Article 75 of the BRRD would not provide any protection since, Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings.

Decree No. 181 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary.

*As of 2016, European banks will also have to maintain at all times a sufficient aggregate amount of own funds and "eligible liabilities", expressed as a percentage of the total liabilities and own funds of the institution (known as the "Minimum Requirement for Own Funds and Eligible Liabilities" or "**MREL**"), with a view to facilitating effective resolution of institutions and minimising to the greatest extent possible the need for interventions by taxpayers. "Eligible*

*liabilities" (or bail-inable liabilities) are those liabilities and other instruments that are not excluded by the BRRD from the scope of the bail-in tool. The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not being part of the European banking union (the "**Banking Union**") or to the Single Resolution Board (the "**SRB**") for banks being part of the Banking Union. The EBA has submitted to the European Commission its final draft regulatory technical standards which are designed to define the way in which resolution authorities/the SRB should calculate the MREL requirement for individual banks. The Commission will likely publish the final regulatory technical standards on MREL by the end of April 2016. At the same time, given that the TLAC and the MREL aim to achieve the same objectives, the EU Commission intends to avoid the overlapping of requirements, in particular for G-SIBs, by elaborating an integrated standard harmonising TLAC and MREL in EU, which is likely to be applied to some extend also to "other systemic important institutions (O-SIIs).*".

* * *

On page 30 of the Base Prospectus, the paragraph headed "As of 2016 the Intesa Sanpaolo Group will be subject to the provisions of the Regulation establishing the Single Resolution Mechanism", is substituted by the following:

"As of 2016 the Intesa Sanpaolo Group may be subject to the provisions of the Regulation establishing the Single Resolution Mechanism

*On 19 August 2014, the Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism (the "**SRM Regulation**") entered into force.*

*The SRM is operational as from 1 January 2016, There are, however, certain provisions including those concerning the preparation of resolution plans and provisions relating to the cooperation of the Single Resolution Board (the "**Board**") with national resolution authorities, which entered into force on 1st January 2015(set out in paragraphs 3 to 5 of art. 99 of SRM Regulation).*

*The SRM Regulation, which will complement the SSM (as defined above), will apply to all banks supervised by the SSM. It will mainly consist of the Board and a Single Resolution Fund (the "**Fund**").*

A centralised decision-making process will be built around the Board and will involve the European Commission and the Council of the European Union – which will have the possibility to object to Board decisions – as well as the ECB and the national resolution authorities.

The Fund, which will back the SRM Regulation decisions mainly taken by the Board, will be divided into national compartments during an eight years transitional period, as set out by an intergovernmental agreement. Starting from 2015, banks are required to pay contributions to national resolution funds, that will transform gradually into the Fund starting from 2016 (and will be additional to the contributions to the national deposit guarantee schemes). The Issuer may therefore be required to pay contributions to the SRM in addition to contributions to the national deposit guarantee scheme.

This framework ensures that, instead of national resolution authorities, there will be a single authority – i.e. the Board – which will take all relevant decisions for banks being supervised by the SSM and part of the Banking Union.

There are other benefits that will derive from the Banking Union. Such benefits are aimed at: (a) breaking the negative feed loop between banks and their sovereigns; (b) providing a solution to home-host conflicts in resolution; and (c) a competitive advantage that Banking Union banks will have vis-à-vis non-Banking Union ones, due to the availability of a larger resolution fund."

* * *

On page 31 of the Base Prospectus, under the heading "*The Intesa Sanpaolo Group may be affected by a proposed EU Financial Transactions Tax*" the first paragraph is replaced by the following:

"On 14th February 2013 the European Commission published a legislative proposal on a new Financial Transactions Tax (the ***FTT****). The proposal followed the Council's authorisation to proceed with the adoption of the FTT through enhanced cooperation, i.e. adoption limited to 11 countries initially, now to 10 because Estonia left the enhanced cooperation - among which Italy, France, Germany and Austria. Although implementation was originally envisaged for 1st January 2014, the process has been repeatedly delayed. Finance Ministers of the EU11 Member States are currently aiming to reach an agreement, during the first half of 2016, which meansthat entry into force of the tax, if agreed, could slip to 2017."*

On page 36 of the Base Prospectus, the paragraph "*European Savings Directive*" is replaced by the following:

"EU Savings Tax Directive

*Under EC Council Directive 2003/48/EC (the "****EU Savings Tax Directive****") on the taxation of savings income in the form of interest payments, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity (as defined under article 4.2 of the EU Savings Tax Directive) established in that other Member State. However, for a transitional period, Austria is required to (unless during that period it elects otherwise) operate a withholding system in relation to such payments.*

For a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.

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

dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 10th November 2015, the Council of the European Union adopted a Council Directive repealing the EU Savings Tax Directive with effect from 1st January 2017 in the case of Austria and from 1st January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Tax Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Saving Directive, although it does not impose withholding taxes.

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

* * *

On page 36 of the Base Prospectus, paragraph "Implementation in Italy of the EU Savings Directive" is replaced as follows:

*"**Implementation in Italy of the EU Savings Tax Directive***

*Italy has implemented the EU Savings Tax Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84**"). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the EU Savings Tax Directive in order to prevent overlap between the EU Savings Tax Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation.".*

* * *

On page 47 and 48 of the Base Prospectus, the paragraph "*U.S. Foreign Account Tax Compliance Withholding*" is replaced by the following:

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

*Pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Covered Bonds are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made on or after 1 January 2019 in respect of (i) any Covered Bonds issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any Covered Bond that are treated as equity for U.S. federal tax purposes, whenever issued.*

*Under existing guidance, this withholding tax may be triggered on payments on the Covered Bonds if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA, including any accompanying U.S. regulations or guidance) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Covered Bonds is made is not a Participating FFI or otherwise exempt from FATCA withholding.*

In order to improve international tax compliance and to implement FATCA, Italy entered into an intergovernmental agreement with the United States on 10 January 2014, ratified by way of Law No. 95 on 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015.

The Issuer is now required to report certain information in relation to its U.S. account holders to the Italian Tax Authorities in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the Covered Bonds) or if such withholding will be required at all.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of FATCA (including, without limitation, the intergovernmental agreement entered into by and between Italy and the United States, ratified by way of Law No. 95 on 18 June 2015, any regulations or agreements thereunder or official interpretations thereof), none of the Issuer, the Guarantor, any paying agent or any other person would be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive amounts that are less than expected."

GENERAL DESCRIPTION OF THE PROGRAMME

On page 52 of the Base Prospectus, the paragraph headed "*Representative of the Covered Bondholders*", is substituted by the following:

"***Representative of the Covered Bondholders***

*FISG S.r.l., a joint stock company with a sole quotaholder under the laws of the Republic of Italy, whose registered office is at Via Vittorio Alfieri No. 1, Conegliano (TV), Italy, incorporated with Fiscal Code number and registration number with the Treviso Register of Enterprises No. 04796740266, VAT No. 04796740266, in its own capacity and as representative of the Organisation of the Covered Bondholders (the "**Representative of the Covered Bondholders**")"*

DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the first three paragraphs of section "*Documents incorporated by reference*", on page 84 of the Base Prospectus:

"*The following documents which have previously been published or which are published simultaneously with this Base Prospectus and which have been filed with the CSSF shall be incorporated by reference in, and form part of this Base Prospectus:*

(1) 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 2015;

(2) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2015, with auditors' limited review report;

(3) the Issuer's unaudited condensed consolidated interim financial statements as at 31 March 2015;

(4) 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;

(5) 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;

(6) the Covered Bonds Guarantor audited annual financial statements in respect of the year ended on and as at 31 December 2015 and the relevant auditor's report;

(7) the Covered Bonds Guarantor's unaudited interim condensed financial statements in respect of the half-year 2015, with auditors' limited review report;

(8) the Covered Bonds Guarantor audited annual financial statements in respect of the year ended on and as at 31 December 2014 and the relevant auditor's report;

(9) the Covered Bonds Guarantor audited annual financial statements, including the auditor's report thereon, in respect of the year ended on and as at 31 December 2013.

The table below sets out the relevant page references for, inter alia (i) the notes, the balance sheet, the income statement, the auditor's limited review report and the accounting policies relating to the unaudited condensed consolidated financial statements of the Issuer in respect of the half-year 2015; (ii) the notes, the balance sheet, the income statement and the accounting policies relating to the unaudited condensed consolidated interim financial statements of the Issuer for the three months ended on and as at 31 March 2015; (iii) the notes, the balance sheet, the income statement, the auditor's report and the accounting policies relating to the consolidated financial statements of the Issuer for the years ended on and as at 31 December 2015, 31 December 2014 and 31 December 2013; (iv) the notes, the balance sheet, the income statement, the auditor's report on review and the accounting policies relating to the unaudited condensed financial statements of the Covered Bonds Guarantor in respect of the half-year 2015; and (v) the notes, the balance sheet, the income statement, the auditor's report and the

accounting policies relating to the financial statements of the Covered Bonds Guarantor for the years ended on and as at 31 December 2015, 31 December 2014 and 31 December 2013."

* * *

On page 85 of the Base Prospectus, the following table is included before the table headed "*Audited Annual consolidated financial statements of the Issuer for the year ended and as at 31 December 2014*":

Audited Annual consolidated financial statements of the Issuer for the year ended and as at 31 December 2015

Consolidated Balance Sheet	Pages 144-145
Consolidated Income Statement	Page 146
Statement of consolidated comprehensive income	Page 147
Statement of changes in consolidated shareholders' equity	Pages 148-149
Consolidated Statement of Cash Flows	Page 150
Notes	Pages 153-413
Independent Auditors' Report	Pages 417-419

Any other information not listed above but contained in the Audited Annual consolidated financial statements of the Issuer for the year ended and as at 31 December 2015 is not incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Base Prospectus.

* * *

On page 85 of the Base Prospectus, the following table is included before the table headed "*Audited Annual financial statements of the Covered Bond Guarantor for the year ended as at 31 December 2014*":

Audited Annual financial statements of the Covered Bonds Guarantor for the year ended and as at 31 December 2015

Statement of Financial Position	Pages 18-19
Income Statement	Page 20
Statement of comprehensive income	Page 21
Statements of changes in equity	Page 22
Statement of Cash Flows	Page 23
Notes	Pages 24-57
Independent Auditors' Report	Pages 1-3

Any other information not listed above but contained in the Audited Annual financial statements of the Covered Bonds Guarantor for the year ended and as at 31 December 2015 is not

incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Base Prospectus.

* * *

The paragraph headed “Availability of Documents” on page 86 of the Base Prospectus, is substituted by the following:

“*Copies of the documents incorporated by reference into this Base Prospectus may also be obtained from the registered office of the Issuer; the Issuer’s unaudited condensed consolidated financial statements in respect of the half-year 2015 with auditors’ limited review report, the Issuer’s unaudited condensed consolidated interim financial statements as at 31 March 2015 and the audited consolidated annual financial statements of the Issuer, including the auditor’s report thereon, notes thereto and the relevant accounting principles in respect of the years respectively ended on as at 31 December 2015, 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#/investor_relations/eng_bilanci_relazioni.jsp).*

Copies of all documents incorporated by reference herein may be obtained without charge at the head office of the Luxembourg Listing Agent in the city of Luxembourg and the website of the Luxembourg Stock Exchange (www.bourse.lu). Written or oral requests for such documents should be directed to the specified office of the Luxembourg Listing Agent.”.

DESCRIPTION OF THE ISSUER

On page 96 of the Base Prospectus, in the section entitled "Description of the Issuer", at the end of the sub-section headed "*Recent Event*", the following paragraph is added:

At the Extraordinary Meeting held on 26 February 2016, Intesa Sanpaolo's shareholders approved the new Articles of Association which relate to the adoption of the one-tier corporate governance system. This system is based on a Board of Directors composed of a minimum of 15 to a maximum of 19 members, five of whom will be part of the Management Control Committee.

The new Articles of Association will become effective at the time of the first renewal of the corporate bodies after the Shareholders' Meeting held on 26 February 2016. An exception is made for the provisions governing the composition and requirements set for the Board of Directors (Article 13), and those governing the appointment of the Board of Directors (Article 14), which will apply from the date of the notice convening the Shareholders' Meeting called to appoint the new corporate bodies.

DESCRIPTION OF THE COVERED BONDS GUARANTOR

On page 122 of the Base Prospectus, the second sub-paragraph under paragraph headed "*Financial Information concerning the Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses*" is deleted and replaced as follows:

"*The statutory financial statements of ISP CB Pubblico S.r.l. as at and for the years ended on 31 December 2013, 31 December 2014 and 31 December 2015, has been prepared in accordance with IAS/IFRS Accounting Standards principles. Such financial statements, together with their respective auditors' reports and the accompanying notes, are incorporated by reference into this Base Prospectus (see Section "Documents incorporated by reference" below).*"

SELECTED ASPECTS OF ITALIAN LAW

On pages 174 to 178, the paragraphs headed "*Insolvency proceedings (procedure di insolvenza)*", "*Description of extraordinary administration of banks (Amministrazione Straordinaria delle Banche) – Suspension of payment*", "*Description of administrative liquidation (Liquidazione Coatta Amministrativa delle Banche)*" are deleted and replaced by the following:

"Insolvency proceedings (procedure di insolvenza)

Insolvency proceedings (procedure di insolvenza) conducted under Italian law may take the form of, inter alia, a bankruptcy proceeding (fallimento), a composition agreement with creditors under Article 160 and following of the Bankruptcy Law (concordato preventivo) or a debts restructuring agreement under Article 182-bis of the Bankruptcy Law (accordo di ristrutturazione dei debiti). Insolvency proceedings are only applicable to businesses (imprese) either run by companies, partnerships or by individuals. An individual who is not a sole entrepreneur or an unlimited partner in a partnership is not subject to insolvency.

A debtor can be declared bankrupt (fallito) and subject to fallimento (at its own initiative, or at the initiative of any of its creditors or, in certain cases, the public prosecutor) if it is not able to fulfil its obligations in a timely manner. If a bankruptcy proceeding is commenced, except for contrary provisions of the law, from the day of declaration of bankruptcy, no individual executory and precautionary action, even if relating to receivables fallen due during the bankruptcy proceeding, may be commenced or pursued against assets included in the bankruptcy proceeding. The debtor loses control over all of its assets and of the management of its business, which is taken over by a court appointed receiver (curatore fallimentare). Once judgment has been made by the court and the creditors' claims have been approved, the sale of the debtor's property is conducted in accordance with a liquidation plan (approved by the delegated judge and the creditors' committee) which may provide for the dismissal of the whole business or single business units, even through competitive procedures.

A qualifying insolvent debtor may avoid being subject to a bankruptcy proceeding (fallimento) by proposing to its creditors a composition agreement pursuant to Article 160 and following of the Bankruptcy Law (concordato preventivo) which is a restructuring proceeding involving an arrangement by a debtor in a state of crisis or state of insolvency with its creditors, subject to court supervision, the aim of which is to restructure the business and thus avoid a declaration of bankruptcy of such debtor. Such proposal shall based on a plan describing proposed actions and activities to be performed in order to accomplish the financial restructuring of debtor's business and to satisfy its creditors, which may provide for, among other things: (i) sales of assets, the assumption of debts or other extraordinary operations, such as the conversion of debt into equity, bonds, convertible bonds or other securities; (ii) the transfer of the business as a going concern to another entity (assuntore); (iii) the division of the creditors into separate classes consistent with their specific legal and economic characteristics; and (iv) different treatment for creditors belonging to different classes. In any case, the proposed composition agreement pursuant to Article 160 and following of the Bankruptcy Law must ensure the payment of at least twenty percent of the amount of unsecured credits.

Article 161 of the Bankruptcy Law, as amended from time to time, provides that a debtor in a

state of crisis or state of insolvency may file a petition before the competent court containing a request in advance for a composition agreement (domanda di concordato anticipata). Such request may contain only the annual financial statements for the last three financial years and the list of creditors' name with indication of the relevant credits. The debtor shall subsequently file the above mentioned plan, within the date set by the competent court. Together with the motivated decree setting such date, the competent court may nominate a court-appointed officeholder, following the provision of Article 161 paragraph 6, of the Bankruptcy Law that, pursuant to Article 170, paragraph 2 of the Bankruptcy Law, may examine the financial statements of the debtor.

*Law Decree No. 83 of 27 June 2015, as converted into Law No. 132 of 6 August 2015 ("**Decree 83**"), has amended the discipline of the Bankruptcy Law and, inter alios, some aspects regarding:*

(i) the composition agreement (concordato preventivo); and

(ii) the debts restructuring agreement (accordo di ristrutturazione dei debiti).

In relation to the composition agreement, pursuant to the new Article 163-bis, when the plan of the composition provides for an offer to purchase, the court shall issue a decree in order to start a competitive procedure (procedimento competitivo) by searching for new prospective buyers. Such decree shall also indicate and describe the procedure for submitting irrevocable offers and ensure the comparability between them. At the hearing set for the exam of the offers, these are published. In the presence of different offers better than the proposal of the debtor, the court provides for a competition between them. As a consequence, the debtor shall amend the proposal of composition agreement in compliance with the result of the competition.

In addition, the Decree 83 has amended Article 163 of the Bankruptcy Law in order to allow the creditors to offer alternative proposals of composition agreement from that offered by the insolvent debtor. For this purpose, the new proposal must be formulated by creditors representing at least the 10% of all the claims, provided that such request will not be taken into account when the offer of the debtor ensure the payment of at least 30% of the unsecured claims.

From the date on which the petition for a composition agreement with creditors or the petition containing a request in advance for a composition agreement (domanda di concordato anticipata) is filed with the competent companies' register, an "automatic stay" period is triggered, during which all creditors are prevented from recovering their debt or foreclosing on the debtor's assets. The temporary "automatic stay" is effective until the date of final ratification (decreto di omologazione) of the composition agreement with creditors. Following the filing of the petition before the competent court, the relevant court evaluates whether conditions for admission to such proceeding are met. Should the court decide that the petition does not satisfy the requirements set out by law, the debtor's petition is rejected and if the debtor is in a state of insolvency it may be declared bankrupt (fallito). If the conditions for admission are met, the relevant court will, inter alia, appoint the court-appointed officeholder (if it was not appointed by the competent court pursuant to Article 161, paragraph 6, of the Bankruptcy Law) who will notify each creditor of the date of the creditor's meeting to vote on the plan proposed by the debtor. The composition agreement with creditors is approved with the

affirmative vote of creditors representing the majority of credits admitted to vote. If there are different classes of creditors, the composition agreement with creditors is approved if the majority is reached also in the major number of classes. If creditors approve the composition agreement, the designated judge, if all procedures have taken place regularly and in the absence of oppositions (or once possible oppositions have been dealt with and resolved), will ratify that approval.

Pursuant to Article 182-bis of the Bankruptcy Law, a debtor which is experiencing a state of crisis may require the ratification (omologazione) of a debts restructuring agreement (accordo di ristrutturazione dei debiti) entered into between it and its creditors representing at least 60 per cent. of the credits owed by it, by filing with the competent court the required corporate documentation and a certification of an expert - having certain characteristics - confirming (i) the feasibility of the debts restructuring agreement and (ii) its capability of procuring the integral payment of those creditors which are not a party to such debts restructuring agreement. The Debts Restructuring Agreement must be published in the debtor's companies' register and shall be effective as of the date of its publication. For a period of 60 days from the date of its publication, the debts restructuring agreement shall determine an "automatic stay" period pursuant to which any creditor having a title against such debtor arisen in advance to the date of publication of the debts restructuring agreement, will not be allowed to commence or continue any enforcement or precautionary action on the assets of the debtor. If the debts restructuring agreement complies with all the requirement set out by law and it is feasible to aim its purposes, the court shall issue a decree (decreto di omologazione) validating such debts restructuring agreement.

Law No. 3 of 27 January 2012 provides that consumers and other entities which cannot be subject to Insolvency Proceedings (Other Entities) may benefit from a special proceeding for the reconstructuring of their debts. Law No. 3 of 27 January 2012 provides that the Other Entities may file a recovery plan for the restructuring of their debts and the payment of the creditors with a special authority and with the competent court and that in the case of approval of the plan, it will become binding on all the creditors of the Other Entity.

Description of extraordinary administration of banks (Amministrazione Straordinaria delle Banche) – Suspension of payments

A bank may be submitted to the extraordinary administration of banks (amministrazione straordinaria delle banche) where: (a) the members of the administrative and supervisory bodies and the senior management of the bank are removed by the Bank of Italy as a consequence of serious administrative irregularities, or serious violations of the provisions governing the bank's activity provided for by laws, regulations or the bank's by-laws activity; (b) serious capital losses are expected to occur; (c) the dissolution has been the object of a request by the administrative bodies or an extraordinary company meeting providing the reasons for the request.

According to the Banking Law, the procedure is initiated with an act (provvedimento) of the Bank of Italy, to be published on the Official Gazette, which shall dissolve the bodies entrusted respectively with management and control functions of the bank. With the same act, the Bank of Italy shall appoint: (a) one or more special administrator (commissari straordinari); (b) a

surveillance committee composed of between three and five members (comitato di sorveglianza). Unless otherwise provided in the act by means of which the extraordinary administration is initiated, the commissari straordinari are entrusted with the powers of the administrative bodies and with the duty to assess the situation of the bank, remove the irregularities which may have been found and promote solutions in the interest of the depositors of the bank and of the sound and prudent management. The comitato di sorveglianza exercises auditing functions and provides to the commissari straordinari the opinions requested by the provisions of the Banking Law or by the Bank of Italy. However, it should be noted that the Bank of Italy may revoke or replace the commissari straordinari and the comitato di sorveglianza, as well as change their powers and duties.

In exceptional circumstances, pursuant to article 74 of the Banking Law, the commissari straordinari, in order to protect the interests of the creditors, in consultation with the comitato di sorveglianza and subject to an authorisation by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional period of two months. During the suspension period forced executions or actions to perfect security interests involving the bank's properties or customers' securities may not be initiated or prosecuted. During the same period mortgages may not be registered on the bank's immovable property nor may any other rights of preference on the bank's movable property be acquired, except in the case of enforceable court orders issued prior to the beginning of the suspension period. The suspension shall not trigger the insolvency of the bank.

The amministrazione straordinaria delle banche shall last for one year, unless the act of the Bank of Italy which initiates it provides for a shorter period or the Bank of Italy authorises the early termination. The procedure may be extended for additional periods of one year, in case the conditions for submission to the extraordinary administration of banks are met, with an act of the Bank of Italy to be published on the Official Gazette.

At the end of the procedure, the commissari straordinari shall undertake the necessary steps for the appointment of the bodies governing the bank in the ordinary course of business. After the appointment, the management and audit functions shall be transferred to the newly appointed bodies. It should however be noted that, should at the end of the procedure or at any earlier time the conditions for the declaration of the liquidazione coatta amministrativa (described in the following section) be met, then the bank may be subject to such procedure.

Description of administrative liquidation (Liquidazione Coatta Amministrativa delle Banche)

According to the Banking Law, the Ministry of Economy and Finance, acting on a proposal of the Bank of Italy, by way of a decree, may submit the bank to the compulsory winding up (liquidazione coatta amministrativa), even when the extraordinary administration or the liquidation of the bank is in course, in case (a) the institution is in financial instability (dissesto) or financial instability risk is envisaged, (b) there is no reasonable prospect that any alternative measure would prevent the failure of the institution within a reasonable timeframe, and (c) the conditions for the application of a resolution action are not being met.

From the date of issue of the decree the functions of the administrative and control bodies, of the shareholders meetings and of any other governing body of the bank shall cease. The Bank of

Italy shall appoint: (a) one or more liquidators (commissari liquidatori); (b) a surveillance committee composed of between three and five members (comitato di sorveglianza).

From the date the commissari liquidatori and the comitato di sorveglianza have assumed their functions and in any case from the sixth business day following the date of issue of the aforesaid decree of the Ministry of Economy and Finance, the payment of any liabilities and the restitution of assets owned by third parties shall be suspended.

The commissari liquidatori shall act as legal representatives of the bank, exercise all actions that pertain to the bank and carry out all transactions concerning the liquidation of the bank's assets. The comitato di sorveglianza shall: (i) assist the commissari liquidatori in exercising their functions, (ii) control the activities carried out by commissari liquidatori; and (iii) provide to the commissari liquidatori the opinions requested by the provisions of the Banking Law or by the Bank of Italy. The Bank of Italy may issue directives concerning the implementation of the procedure and establish that some categories of operations and actions shall be subject to its authorisation and to preliminary consultation with the comitato di sorveglianza.

The Banking Law regulates the procedure for the assessment of the bank's liabilities (accertamento del passivo), and the procedures which allow creditors whose claims have been excluded from the list of liabilities (stato passivo) to challenge the list of liabilities.

The liquidators, with the favourable opinion of the comitato di sorveglianza and subject to authorisation by the Bank of Italy, may assign assets and liabilities, going concerns, assets and legal relationships identifiable as a pool (in blocco). In case the conditions for the intervention of the depositor guarantee schemes are not met or its intervention is insufficient, in order to facilitate the liquidation, the liabilities may be sold in part only. The procedures shall in any case be subject to compliance with equal treatment of creditors and their order of priority. Assets may be assigned at any stage of the procedure, even before the stato passivo has been deposited. The assignor shall however be liable exclusively for the liabilities included in the stato passivo. Subject to prior authorisation of the Bank of Italy and for the purpose of maximizing profits deriving from the liquidation of the assets, the commissari liquidatori may continue the banks' activity or of specific going concerns of the bank, in compliance with any indications provided for by the comitato di sorveglianza. In such case the provision of the Bankruptcy Law concerning the termination of legal relationships shall not apply.

Once the assets, or a material part thereof, have been realised and before the final allotment to the creditors or to the last restitution to customers, the commissari liquidatori shall present to the Bank of Italy the closing statement of accounts of the liquidation, the financial statement and the allotment plan, accompanied by their own report and a report by the surveillance committee."

TAXATION IN THE REPUBLIC OF ITALY

On page 246, under the heading "*Non-Italian resident Covered Bondholders*", letter (b) of paragraph one is deleted and replaced by the following:

*"(b) such beneficial owners are resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (the "**White List States**") as currently listed in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or in a decree to be issued pursuant to Article 11(4)(c) of Decree No. 239 (as amended by Legislative Decree No. 147 of 14 September 2015), or in any other decree or regulation that will be issued in the future to provide the list of such countries, including any country that will be deemed listed therein for the purpose of any interim rule (the "**New White List States**"); and".*

* * *

On page 246, under the heading *"Non-Italian resident Covered Bondholders",* paragraph three is deleted and replaced by the following:

"Decree No. 239 also provides for additional exemptions from the imposta sostitutiva for payments of Interest in respect of the Covered Bonds made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in a White List State (or in New White List States, once identified) ; and (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State."

* * *

On page 249, under the heading "*Capital gains tax*", letter (a) of paragraph eight is deleted and replaced by the following:

"(a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Covered Bonds with no permanent establishment in Italy to which the Covered Bonds are effectively connected are exempt from the imposta sostitutiva in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Covered Bonds if they are resident, for tax purposes in a White-List State (or in New White List States, once identified). Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Covered Bonds are effectively connected elect for the risparmio amministrato regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-assessment (autocertificazione) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Covered Bonds are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in a

White List State (or in New White List States, once identified); or (iii) Central Banks or entities which manage, inter alia, the official reserves of a foreign State; and"

* * *

On pages 251 and 252, the paragraph headed "*European Savings Directive*" is deleted and replaced as follows:

"***EU Savings Tax Directive***

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

For a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.

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

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the EU Savings Tax Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Tax Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Saving Directive, although it does not impose withholding taxes. The proposal also provides that, if it proceeds, EU Member States will not be required to apply the new requirements of the Amending Directive. ".

* * *

On page 252 of the Base Prospectus, paragraph "*Implementation in Italy of the EU Savings Directive*" is replaced as follows:

*"**Implementation in Italy of the EU Savings Tax Directive***

Italy has implemented the Saving Directive through Decree No. 84 of 18 April 2005 (Decree 84). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the EU Savings Tax Directive in order to prevent overlap between the EU Savings Tax Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation.".

GENERAL INFORMATION

Paragraph "*Independent auditors*" on page 258 and 259 of the Base Prospectus is replaced by the following (the underlined words show the insertions made):

"**Independent auditors**

The auditors of the Issuer are KPMG S.p.A.. KPMG S.p.A. has audited the financial statements of the Issuer, without qualification, in accordance with auditing standards and procedures recommended by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") as at and for the years ended on 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015. The audit report on 2013 Audited Financial Statements has been issued by KPMG S.p.A. on 3 April 2014, the audit report on 2014 Audited Financial Statements has been issued by KPMG S.p.A. on 12 March 2015 and the audit report on 2015 Audited Financial Statements has been issued by KPMG S.p.A. on 1 March 2016.

KPMG S.p.A. is a member of Assirevi, the Italian professional association of auditors and as required by article 17 "Setting up the Register" of Ministerial decree no. 145 of 20 June 2012 "Regulation implementing article 2.2/3/4/7 and article 7.7 of Legislative decree no. 39 of 27 January 2010, implementing Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (12G0167)", KPMG S.p.A. is included in the Register of Certified Auditors held by the Ministery for Economy and Finance – Stage general accounting office, at no. 70623.

KPMG S.p.A. was appointed to act as Intesa Sanpaolo's external auditor for the period 2012-2020. KPMG S.p.A. address is: Via Vittor Pisani, 25, 20124 Milan.

The auditors of the Covered Bond Guarantor are KPMG S.p.A.. KPMG S.p.A. has audited the financial statements of the Covered Bond Guarantor, without qualification, in accordance with auditing standards and procedures recommended by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") as at and for the years ended on 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015.

KPMG S.p.A. is a member of Assirevi, the Italian professional association of auditors and as required by article 17 "Setting up the Register" of Ministerial decree no. 145 of 20 June 2012 "Regulation implementing article 2.2/3/4/7 and article 7.7 of Legislative decree no. 39 of 27 January 2010, implementing Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (12G0167)", KPMG S.p.A. is included in the Register of Certified Auditors held by the Ministery for Economy and Finance – Stage general accounting office, at no. 70623.

KPMG S.p.A. was appointed to act as Covered Bond Guarantor's auditor for the period 2012-2020. KPMG S.p.A. address is: Via Vittor Pisani, 25, 20124 Milan."

* * *

The information set out below supplements the paragraph "*Documents available for inspection*", on page 259 of the Base Prospectus (the underlined words show the insertions made):

"*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 (but excluding, for avoidance of doubt, any document in respect of any Registered Covered Bonds);*

(ii) *the Issuer's memorandum of association (Atto Costitutivo) and by-laws (Statuto) as of the date hereof;*

(iii) *the Covered Bonds Guarantor's memorandum of association and by-laws 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 years ended on 31 December 2015;*

(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 years ended on 31 December 2014;*

(viii) *the Issuer's audited consolidated annual financial statements including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the years ended on 31 December 2013;*

(ix) *the Covered Bond Guarantor's unaudited interim condensed financial statements in respect of the half-year 2015, with auditors' limited review report;*

(x) *the Covered Bonds Guarantor's audited annual financial statements in respect of the year ended on 31 December 2015 and the relevant auditor's report;*

(xi) *the Covered Bonds Guarantor's audited annual financial statements in respect of the year ended on 31 December 2014 and the relevant auditor's report;*

(xii) *the Covered Bonds Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2013;*

(xiii) *a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;*

(xiv) *all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Covered Bonds Guarantor's request any part of which is included or referred to in the Base Prospectus;*

(xv) *the historical financial information of the Covered Bonds Guarantor or, in the case of a group, the historical financial information of the Covered Bonds Guarantor and its*

subsidiary undertakings for each of the two financial years preceding the publication of the Base Prospectus.

(xvi) *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 (other than Registered 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."

GLOSSARY

The definition of "*Representative of the Covered Bondholders*" on page 280 of the Base Prospectus is replaced by the following:

"*"**Representative of the Covered Bondholders**" FISG S.r.l., a joint stock company with a sole quotaholder under the laws of the Republic of Italy, whose registered office is at Via Vittorio Alfieri No. 1, Conegliano (TV), Italy, incorporated with Fiscal Code number and registration number with the Treviso Register of Enterprises No. 04796740266, VAT No. 04796740266, in its own capacity and as representative of the Organisation of the Covered Bondholders.*"