SUPPLEMENT DATED 14 AUGUST 2018

TO THE BASE PROSPECTUS DATED 20 DECEMBER 2017, AS SUPPLEMENTED ON 16 FEBRUARY 2018

Intesa Sanpaolo S.p.A.

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

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

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

ISP CB Ipotecario S.r.l.

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

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

This supplement (the **Supplement**) constitutes a Supplement to the base prospectus dated 20 December 2017 (as supplemented on 16 February 2018, the **Base Prospectus**) for the purposes of Article 16 of Directive 2003/71/EC, as subsequently amended (the **Prospectus Directive**) and Article 13, paragraph 1, of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005, as subsequently amended (the **Luxembourg Law**) and is prepared in connection with the Euro 20,000,000,000 covered bonds (*Obbligazioni Bancarie Garantite*) programme (the **Programme**) of Intesa Sanpaolo S.p.A. (the **Issuer**), unconditionally and irrevocably guaranteed as to payments of interest and principal by ISP CB Ipotecario S.r.l. (the **Covered Bond Guarantor**).

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

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

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

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and Luxembourg Law, as a supplement issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of updating the front cover of the Base Prospectus and the sections of the Base Prospectus headed "*Documents incorporated by reference*", "*Description of the Issuer*", "*Description of the Covered Bond Guarantor*" and "*General Information*".

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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FRONT COVER

Under the front cover of the Base Prospectus, on page 1, the paragraph starting with "*Amounts payable under the Covered Bonds may be calculated […]*" shall be deleted and replaced with the following:

"Interest amounts payable under the Covered Bonds may be calculated by reference to EURIBOR, or to LIBOR, in each case as specified in the relevant Final Terms. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute (**EMMI**), and LIBOR is provided and administered by ICE Benchmark Administration Limited (**ICE**). As at the date of this Base Prospectus, ICE is authorised as a benchmark administrator, and included on, whereas EMMI is not included on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/1011 (the **BMR**).

As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence)."

DOCUMENTS INCORPORATED BY REFERENCE

Under the section headed "*Documents incorporated by reference*", the first and second paragraph, on page 60 of the Base Prospectus, are deleted and replaced by the following (the underlined words show the insertions made):

"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 press release dated 1 August 2018 regarding the Issuer's consolidated results as at 30 June 2018 (the **1 August 2018 Press Release**);

(b) the press release dated 17 April 2018 regarding the strategic agreement in respect of non-performing loans reached by the Issuer and Intrum (the **17 April 2018 Press Release**);

(c) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2017;

(d) the press release dated 6 February 2018 regarding the Issuer's consolidated results in respect of the year ended on 31 December 2017 (the **6 February 2018 Press Release**);

(e) the Issuer's unaudited condensed consolidated financial statements as at 30 September 2017;

(f) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2017, with auditors' limited review report;

(g) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2016;

(h) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2015;

(i) the Covered Bond Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2017;

(j) the Covered Bond Guarantor's unaudited interim condensed financial statements, including the auditors' limited review report, in respect of the half-year 2017;

(k) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2016;

(l) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the year ended on 31 December 2016;

(m) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2015;

(n) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the year ended on 31 December 2015;

(o) the terms and conditions of the Covered Bonds contained in the prospectus dated 22 December 2014, pages from 187 to 243 (both included), in the prospectus dated 22 December 2015, pages from 199 to 263 (both included) and in the prospectus dated 23

December 2016, pages from 194 to 258 (both included), each prepared by the Issuer in connection with the Programme.

Such documents shall be incorporated by reference into, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Any part of the documents listed under items from (a) to (o) above not listed in cross reference list below but contained in such documents, is not incorporated by reference in this Base Prospectus and is either not relevant for the investor or it is covered elsewhere in this Base Prospectus."

* * *

Under the section headed "*Documents incorporated by reference*", on pages 60 and 61 of the Base Prospectus, the third, fourth and fifth paragraphs are deleted and replaced by the following (the underlined words show the insertions made):

"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 2015, 31 December 2016 and 31 December 2017, the auditor's report for the Issuer for the financial years ended on 31 December 2015, 31 December 2016 and 31 December 2017, the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2017 and the Issuer's unaudited condensed consolidated financial statements as at 30 September 2017 on the Issuer's website (www.group.intesasanpaolo.com/scriptIsir0/si09/investor_relations/eng_bilanci_relazioni.jsp). In addition, copy of the 1 August 2018 Press Release, the 17 April 2018 Press Release and the 6 February 2018 Press Release may be obtained on the Issuer's website (http://www.group.intesasanpaolo.com/scriptIsir0/si09/salastampa/eng_comunicati_stampa.jsp).

This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (http://www.bourse.lu).

The 1 August 2018 Press Release, the 17 April 2018 Press Release, the 6 February 2018 Press Release, the audited consolidated annual financial statements referred to above, together with the audit reports thereon, the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2017 and the Issuer's unaudited condensed consolidated financial statements as at 30 September 2017 are available both in the original Italian language and in English language. The English language versions represent a direct translation from the Italian language documents. The Issuer and the Covered Bond Guarantor, as relevant, are responsible for the English translations of the financial reports incorporated by reference in this Base Prospectus and declare that such is an accurate and not misleading translation in all material respects of the Italian language version of the Issuer's and Covered Bond Guarantor's financial reports (as applicable)."

* * *

Under the section headed "*Documents incorporated by reference*", on page 61 of the Base Prospectus, in the paragraph headed "*Cross-reference List*", before the table headed "*6 February 2018 Press Release*" the following tables are included:

"**1 August 2018 Press Release**

Press Release	**Page number(s)**

Reclassified consolidated statement of income	20
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Reclassified consolidated balance sheet	23
Quarterly development of the reclassified consolidated balance sheet	24
Breakdown of financial highlights by business area	25

17 April 2018 Press Release

Press Release	**Page number(s)**
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Audited annual consolidated financial statements of the Issuer for the year ended on 31 December 2017 (Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1.)

Audited annual consolidated financial statements of the Issuer	**2017**
Consolidated Balance Sheet	Pages 156 - 157
Consolidated Income Statement	Page 158
Statement of consolidated comprehensive income	Page 159
Statement of changes in consolidated shareholders' equity	Pages 160
Consolidated Statement of Cash Flow	Pages 161 - 162
Notes to the Consolidated Financial Statements	Pages 163-477
Independent Auditors' Report	Pages 479–490"

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Under the section headed "*Documents incorporated by reference*", sub-section headed "*Cross-reference List*", on page 62 of the Base Prospectus, the following tables are included between the table headed "*Audited consolidated annual financial statements of the Issuer for the year ended on 31 December 2015 (Commission Regulation (EC) No. 809/2004, Annex XI, paragraph 11.1.)*" and the table headed "*Covered Bond Guarantor half-yearly report as at and for the six months ended on 30 June 2017 (Commission Regulation (EC) No. 809/2004, Annex IX, paragraph 11.5.)*":

“**Audited annual financial statements of the Covered Bond Guarantor for the year ended on 31 December 2017 (Commission Regulation (EC) No. 809/2004, Annex IX, paragraph 11.1.)**

Audited annual financial statements of the Covered Bond Guarantor	**Page number(s)**
Statement of financial position	16-17
Income Statement	18
Statement of comprehensive income	19
Statements of changes in equity	20
Statement of Cash Flows	21
Notes to the financial statements	22-56
Independent Auditor’s Report	First five pages”

The Issuer confirms that the figures contained in the 1 August 2018 Press Release are substantially consistent with the final figures to be published in the next interim unaudited financial statements. The interim unaudited results as at and for the 6 months ended 30 June 2018 have been compiled on the basis of the same accounting principles and standards utilized for the preparation of the consolidated financial statements of the Issuer as at and for the year ended 31 December 2017 in all material respects.

DESCRIPTION OF THE ISSUER

Under the section headed "*Description of the Issuer*", on page 95 of the Base Prospectus, the sub-section headed "*Share capital*" is replaced by the following:

"**Share capital**

As of 7 August 2018, Intesa Sanpaolo's issued and paid-up share capital amounted to € 9,084,056,582.12, divided into 17,506,639,140 ordinary shares without nominal value."

* * *

Under the section headed "*Description of the Issuer*", at the end of the paragraph headed "*Intesa Sanpaolo in 2018 – Highlights*", on page 107 of the Base Prospectus, the following periods are included:

"**Intesa Sanpaolo: Meeting of Ordinary Shareholders and Special Meeting of Savings Shareholders**

On 27 April 2018, Intesa Sanpaolo published a press release with the following wording:

"The Meeting of Ordinary Shareholders and the Special Meeting of Savings Shareholders were held today.

At the Meeting of Ordinary Shareholders, the resolutions detailed below were passed.

Ordinary part

1. Item 1 on the agenda: **2017 financial statements** a) **Approval of the Parent Company's 2017 financial statements** b) **Allocation of net income for the year and distribution to shareholders of dividend and part of the Share Premium Reserve**. The Shareholders approved the Parent Company's 2017 financial statements. The Shareholders also adopted a resolution to distribute €1,353,639,567.85 as dividends on the net income for the year (corresponding to 8 euro cents on each of the 15,859,786,585 ordinary shares and 9.1 euro cents on each of the 932,490,561 savings shares) and €2,065,450,088.96 as a reserve assignment from the Share Premium Reserve (corresponding to 12.3 euro cents on each ordinary share and savings share) for a total amount of €3,419,089,656.81. The reserve assignment will be subject to the same tax regime as the distribution of dividends. Dividends not distributed in respect of any own shares the Bank holds at the record date shall be allocated to the extraordinary reserve. The dividend payment will take place from 23 May 2018 (with coupon presentation on 21 May and record date on 22 May). The dividend yield is 6.4% per ordinary share and 6.5% per savings share based on today's stock price.
2. Item 2 on the agenda: **Increase in the compensation of the Independent Auditors for the assignment of the statutory audit**. The Shareholders approved the proposal regarding the updating of the economic terms and conditions currently set out for the assignment of the statutory audit granted to KPMG S.p.A., resulting in an increase - for each of the financial years 2017-2020 - of €140,000, as a result of the increased activities deriving from the entry into force of Legislative Decree no. 135/2016 and Regulation EU no. 537/2014.
3. Item 3 on the agenda: **Remuneration and own shares**.

   a) **2018 remuneration policies for employees and other staff not bound by an employment agreement and for certain categories governed by an agency contract**. The Shareholders approved the remuneration policies for 2018, as described in the Report on Remuneration, Section I, 4 "Remuneration policy for employees and staff not bound by an employment agreement" and Section I, 5 "Remuneration policy for certain categories governed by an agency contract". The Shareholders also voted in favour of the procedures for the adoption and implementation of the remuneration policies, as described in the Report on Remuneration, Section I, 1 "Procedures for adoption and implementation of the remuneration policies".

b) **Confirmation of the increase in the cap on the variable-to-fixed remuneration to all Risk Takers that are not part of the Corporate Control Functions**. The Shareholders approved the proposal to confirm the increase in the cap on the variable-to-fixed remuneration from 1:1 to 2:1 to the population identified as Risk Takers not belonging to the Corporate Control Functions.

c) **Approval of the 2017 Annual Incentive Plan based on financial instruments**. The Shareholders approved the share-based Incentive Plan for 2017 covering Risk Takers who accrue a bonus in excess of the so-called "materiality threshold", and those Managers or Professionals who are not Risk Takers and accrue "relevant bonuses". The Plan provides for the free assignment of Intesa Sanpaolo ordinary shares to be purchased on the market.

d) **Authorisation to purchase and dispose of own shares to service the 2017 Annual Incentive Plan**. The Shareholders authorised the purchase and disposal of own shares to ensure implementation of the Incentive Plan. In accordance with this authorisation:

   - Intesa Sanpaolo ordinary shares will be purchased, in one or more tranches, up to a maximum number and a maximum percentage of the Intesa Sanpaolo share capital calculated by dividing the comprehensive amount of approximately €40,000,000 by the official price recorded today by the Intesa Sanpaolo share. As the official price recorded today by the Intesa Sanpaolo ordinary shares was €3.153, the maximum number of shares to be purchased on the market to meet the total requirement of the aforementioned Incentive Plan of the Intesa Sanpaolo Group as a whole amounts to 12,686,330. This represents around 0.08% of the ordinary share capital and of the total share capital (comprising ordinary shares and savings shares);

   - the purchase of shares will be executed in compliance with the provisions included in Articles 2357 and following of the Italian Civil Code, within the limits of distributable income and available reserves, as determined in the financial statements most recently approved. Pursuant to Article 132 of Legislative Decree no. 58 of 24 February 1998 and Article 144-bis of the Issuers' Regulation and subsequent amendments, purchases will be executed on regulated markets in accordance with trading methods laid down in market rules, in full accordance with the regulatory requirements as to equality of treatment among shareholders, the measures preventing market abuse, as well as the market practices permitted by CONSOB. By the date the Group-level purchase programme begins – disclosure of which will be made to the market as required by the regulations – the subsidiaries will have completed the procedure for seeking equivalent authorisation at their shareholders' meetings, or from the bodies with jurisdiction over such matters within their structures;

   - in accordance with the authorisation obtained at the Shareholders' Meeting today, which is effective for up to 18 months, purchases will be executed at a price identified on a case-by-case basis, net of accessory charges, within a minimum and maximum price range. This price will be determined using the following criteria: the minimum purchase price will not be lower than the reference price of the share recorded in the stock market session on the day prior to each single purchase transaction, less 10%; the maximum purchase price will not be higher than the reference price the share recorded in the stock market session on the day prior to each single purchase transaction, plus 10%. At any rate, the purchase price will not be higher than the higher of the price of the last independent trade and the highest current independent bid on the market;

- pursuant to Article 2357-ter of the Italian Civil Code, the Shareholders authorised the disposal on the regulated market of own ordinary shares exceeding the Incentive Plan's requirements under the same conditions as those applied to the purchases and at a price no lower than the reference price of the share in the stock market session on the day prior to each single particular transaction, less 10%. Alternatively, these shares may be retained to service possible future incentive plans and/or possible remuneration granted the event of early termination of the employment relationship (Severance).

e) **Approval of the 2018-2021 POP (Performance Call Option) Long-term Incentive Plan for Top Management, Risk Takers and Key Managers**. The Shareholders approved the 2018-2021 POP (Performance Call Option) Long-term Incentive Plan for Top Management, Risk Takers and Key Managers in Italy.

f) **Approval of the 2018-2021 LECOIP 2.0 Long-term Incentive Plan for all employees that are not recipients of the POP Plan**. The Shareholders approved a plan based on financial instruments called Leveraged Employee Co-Investment Plan - LECOIP 2.0. This Plan is open to all employees, meaning by that all Professionals and Managers in Italy, with the exception of Top Management, Risk Takers and Key Managers, who are eligible to take part in the POP Plan.

Extraordinary part

1. Item 1 on the agenda: **Mandatory conversion of savings shares into ordinary shares and concurrent removal of the indication of nominal value for the shares of Intesa Sanpaolo from the Articles of Association. Amendment of Articles 5 and 29 and removal of Article 30 of the Articles of Association. Pertinent and consequent resolutions**. Shareholders:

   - approved the mandatory conversion of the outstanding savings shares – following the cancellation of 61 savings shares by an authorised intermediary, with the reduction of said shares to no. 932,490,500 – into no 969,790,120 ordinary shares of the Company, the latter to consist in newly issued shares, with regular economic rights and having the same features of the ordinary shares outstanding at the date of the conversion, at a conversion ratio, equal to no. 1.04 ordinary shares for each savings share with concurrent removal of the indication of the nominal value of all of the shares of Intesa Sanpaolo S.p.A. outstanding as at the relative date of effectiveness of the conversion, pursuant to Articles 2328 and 2346 of the Italian Civil Code, so that the corporate share capital remains unchanged and divided into only ordinary shares;

   - provided that the mandatory conversion of the savings shares in accordance with the above (and therefore also the effectiveness of any withdrawals that may be exercised by the savings shareholders entitled thereto and of the cancellation of the 61 savings shares) take place subject to:

     (i) the approval of the mandatory conversion, along with the relative amendments to the Articles of Association, pursuant to Article 146, paragraph 1, letter b) of Legislative Decree no. 58 of 1998 by the special meeting of the savings shareholders;

     (ii) the authorisations of the European Central Bank required under the current legal and regulatory framework, for the purposes of the amendments to the Articles of

Association, the inclusion of the ordinary shares that are issued in connection with the conversion in the CET 1 and the possible purchase by the Company of own shares at the end of the liquidation procedure relating to withdrawing shareholders; and

(iii) the amount owed to those who elect to exercise the withdrawal right not exceeding €400 million at the end of the pre-emption and pre-emptive rights offering period concerning any offer to the Intesa Sanpaolo shareholders of the shares held by the withdrawing savings shareholders pursuant to Article 2437-quater, paragraphs 1 and 2 of the Italian Civil Code;

- approved the amendment to Articles 5, with sole regard to paragraph 5.1, and 29 of the Company's Articles of Association;
- granted powers and mandate to the Board of Directors and to the Chairman of the Board of Directors and the Chief Executive Officer, severally and with full power to sub delegate, to carry out all actions deemed necessary or appropriate to fully implement the above resolutions, including without limitation, (i) to define any additional terms and conditions of the Mandatory Conversion, including, inter alia, the date on which such conversion will be effective upon agreement with Borsa Italiana S.p.A., which must fall after the ex-right date of dividends relating to the financial year ended 31 December 2017; (ii) to define the terms and conditions of the procedure relating to the exercise of the right of withdrawal to which savings shareholders are entitled pursuant to Article 2437, paragraph 1, letter g) of the Italian Civil Code; (iii) to carry out the liquidation process of the savings shares which are the subject matter of the withdrawal process, also purchasing if necessary such shares using the available reserves; and (iv) to carry out any other formality and actions in relation to the overall number of outstanding shares as at the date of effectiveness of the conversion and to obtain the necessary authorisations for the above resolutions and, generally, any other authorisation to fully implement the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to fulfil any requests made by the relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Company Register of the updated Articles of Association with the approved amendments thereto;
- authorised the Board of Directors to sell the Company's own shares that may be bought as a consequence of rights of withdrawal being exercised, at the end of the liquidation process pursuant to Article 2437-quater of the Italian Civil Code, without limitation, for a consideration which shall not be lower than the share reference price on the trading day preceding each sale with a 10% discount, specifying that the disposal may be carried out on the market or off the market, as spot and/or forward transactions.

2. Item 2 on the agenda: **Mandate to the Board of Directors to increase the share capital pursuant to Article 2443, as well as Article 2349, paragraph 1, and Article 2441, paragraph 8 of the Italian Civil Code for the purposes of implementing the 2018-2021 LECOIP 2.0 Long-term Incentive Plan based on financial instruments, referred to under item 3f) of the ordinary part, and consequent amendment of Article 5 (Share Capital) of the Articles of Association**.

The Shareholders granted powers, pursuant to Article 2443 of the Italian Civil Code, to the Board of Directors of Intesa Sanpaolo to carry out:

- a share capital increase without payment, in one or more tranches, by 27 October 2019, pursuant to Article 2349, paragraph 1 of the Italian Civil Code, for a maximum amount of €400,000,000 (inclusive of share premium) with the issuance of up to 170,000,000 ordinary shares of Intesa Sanpaolo;

- a share capital increase with payment, in one or more tranches, by 27 October 2019, for a maximum amount of €1,200,000,000 (inclusive of share premium, and net of discount), excluding option rights in favour of the employees of the Intesa Sanpaolo Group, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, with the issuance of up to 555,000,000 ordinary shares of Intesa Sanpaolo. The share issue price will be inclusive of a discount from the market price of ordinary shares of Intesa Sanpaolo, calculated as the average of market prices observable in the 30-day period immediately prior to the issue date.

  The determination of the maximum number of ordinary shares to be issued shall depend on the issue price, which shall be determined by the Board of Directors. Assuming all employees adhere to the Professional Plan and the Manager Plan, the two share capital increases would have a dilutive effect of 3.5% on the ordinary share capital of Intesa Sanpaolo on the assumption that the share price is €3, and of 4.4% on the assumption that the maximum amount of shares per the Shareholders' Meeting resolution is issued in a stress scenario at an price of €2.4. Assuming, in addition, that all savings shares are converted into ordinary shares, the dilutive effect would be equal to around 4.1% of the total share capital post-conversion of the savings shares.

  As regards the amendments to the Articles of Association approved at the Shareholders' Meeting, the European Central Bank has already released the verification, required under Article 56 of Legislative Decree 385/1993, that is needed to start procedures for entry in the Company Register.

The Special Meeting of Savings Shareholders, which followed the Meeting of Ordinary Shareholders, resolved on the only item on the agenda, in accordance with Article 146, paragraph 1, letter b) of Legislative Decree no. 58 of 24 February 1998, and approved, to the extent of its responsibility, the resolution passed in the extraordinary session, item 1 on the agenda, of the Meeting of Ordinary Shareholders, as reported above."

Intesa Sanpaolo: Assignment and Subscription of Ordinary Shares Reserved For Employees Under The 2018-2021 Lecoip 2.0 Long-Term Incentive Plan

On 11 July 2018, Intesa Sanpaolo published a press release with the following wording:

"Intesa Sanpaolo hereby communicates the number of Intesa Sanpaolo ordinary shares that have been assigned to the Group's employees and Intesa Sanpaolo ordinary shares that have been subscribed to by the Group's employees, as well as the corresponding number of Certificates issued by J.P. Morgan, i.e. the financial instruments, representative of the abovementioned shares, that the Group's employees receive under the 2018-2021 LECOIP 2.0 Long-term Incentive Plan. The Plan, which is based on financial instruments, was approved at the Shareholders' Meeting of 27 April 2018 and has already been disclosed to the market.

The LECOIP 2.0 Plan provides for:

- the assignment, free of charge, to employees, of new Intesa Sanpaolo ordinary shares deriving from a capital increase without payment ("Free Shares"), for an amount equivalent to the Variable Result Bonus advance for 2018;
- the assignment, also free of charge, to employees, of additional new Intesa Sanpaolo ordinary shares deriving from the same capital increase without payment ("Matching Shares") and the subscription by employees to new Intesa Sanpaolo ordinary shares deriving from a capital increase with payment, reserved for employees, through the issue of shares at a discounted price ("**Discounted Shares**").

Certificates are divided into two categories, and have different characteristics according to whether they are reserved for Professionals or for Managers employed by the Group in Italy. Certificates reflect the terms of certain options that have Intesa Sanpaolo ordinary shares as their underlying instruments, and will allow subscribers to receive, at maturity, in the absence of trigger events, an amount in cash (or in Intesa Sanpaolo ordinary shares) that is equal to the original market value of the Free Shares and the Matching Shares with regard to Professionals and 75% of this value with regard to Managers, plus a portion of any appreciation, compared to the original market value, related to the amount of the Free Shares, Matching Shares and Discounted Shares.

Today, 25,147,152 Free Shares and 47,411,243 Matching Shares were assigned to the Group's employees, and 507.908.765 Discounted Shares were subscribed to by the Group's employees. The numbers were calculated on the basis of the arithmetic average of the Volume Weighted Average Price (VWAP) of the Intesa Sanpaolo ordinary shares recorded on each working day in the 30 calendar days preceding 11 July 2018, which is equal to 2.5416 euro. Consequently, a total number of 72,558,395 Certificates - corresponding to the abovementioned sum of Free Shares plus Matching Shares - were today assigned to the Group's employees. In detail:

Category	**Number of Free Shares**	**Number of Matching Shares**	**Number of Discounted Shares**	**Number of Certificates**
Professionals	25,147,152	29,680,708	383,795,020	54,827,860
Managers		17,730,535	124,113,745	17,730,535
Total	**25,147,152**	**47,411,243**	**507,908,765**	**72,558,395**

Following the delegation of powers granted by the Shareholders' Meeting to the Board of Directors pursuant to Article 2443 of the Italian Civil Code, today:

- a share capital increase without payment was executed, pursuant to Article 2349, paragraph 1 of the Italian Civil Code, for an amount of 87,959,908.40 euro, through the issue of 169,153,670 Intesa Sanpaolo ordinary shares with a nominal value of 0.52 euro;
- a share capital increase with payment was executed, with the exclusion, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of the option right, in favour of the Intesa Sanpaolo Group's employees, for an amount of 264,112,557.80 euro, through the issue of 507,908,765 Intesa Sanpaolo ordinary shares at a price of 2.1645 euro (applying a discount of 14.837% to the aforementioned arithmetic average of the VWAP recorded in the 30 calendar days preceding 11 July 2018), of which 0.52 euro of nominal value and 1.6445 euro of share premium.

The total number of shares issued in the capital increase with payment and the capital increase without payment represents 4.1% of the ordinary share capital and 3.9% of the total share capital (comprising ordinary shares and savings shares) of Intesa Sanpaolo after the capital increase.

The capital increase with payment leads to an increase in the Intesa Sanpaolo Group's consolidated shareholders' equity of 1,099 million euro, of which 264 million in share capital and 835 million in share premium reserve, and generates an increase in the Group's Common

Equity Tier 1 ratio in the region of 40 basis points on the basis of the figures as at 31 March 2018."

Purchase of Intesa Sanpaolo Savings Shares Pursuant to Article 2437-Quater of the Italian Civil Code, Settlement of the Pre-Emption and Pre-Emptive Rights Offering and Effectiveness of the Mandatory Conversion.

On 1 August 2018, Intesa Sanpaolo published a press release with the following wording:

"Today, the Board of Directors of Intesa Sanpaolo S.p.A. ("**Intesa Sanpaolo**" or the "**Company**") resolved to proceed with the reimbursement through the purchase by the Company, pursuant to Article 2437-quater, paragraph 5 of the Italian Civil Code, of no. 14,962,024 savings shares of Intesa Sanpaolo following withdrawal that remained unsold (the "**Shares**") after the pre-emption and pre-emptive rights offering (the "**Offering**") which ended on 17 July 2018. This was in accordance with the resolution of the Special Meeting of savings shareholders of 27 April 2018 which approved the mandatory conversion of the Intesa Sanpaolo savings shares into ordinary shares (the "**Mandatory Conversion**") and the consequent amendments to the Company's Articles of Association.

Accordingly, the Shares will not be offered on the market, as permitted by Article 2437-quater, paragraph 4 of the Italian Civil Code. The Shares will be purchased by using available reserves of the Company at the liquidation value of the shares following withdrawal, set in accordance with the provisions under Article 2437-ter, paragraph 3 of the Italian Civil Code, of Euro 2.74 each, with settlement date on 3 August 2018.

In accordance with the resolutions taken by the Extraordinary Meeting of the ordinary shareholders of Intesa Sanpaolo on 27 April 2018, the Shares purchased by the Company will be subsequently sold at a price of no less than the reference price recorded by the share in the stock market session on the day prior to each single disposal transaction, decreased by ten per cent.

Furthermore, it should be noted that:

- the settlement of the Shares and related operations following the exercise of the pre-emption and pre-emptive rights under the Offering shall take place on 3 August 2018;
- the last trading date of the Intesa Sanpaolo savings shares shall be 6 August 2018;
- the Mandatory Conversion of savings shares into ordinary shares will become effective on 7 August 2018 and, therefore, from that date only Intesa Sanpaolo ordinary shares will be traded on the Mercato Telematico Azionario of Borsa Italiana;once the Mandatory Conversion of the no. 932,490,500 savings shares into ordinary shares becomes effective, the share capital of Intesa Sanpaolo, fully subscribed and paid-in, equal to Euro 9,084,056,582.12, will be composed of no. 17,506,639,140 ordinary shares without nominal value;
- any fractions resulting from the Mandatory Conversion of savings shares into ordinary shares will be managed by an intermediary appointed by the Company, with settlement in cash to be carried out by the beneficiaries' intermediaries.""

* * *

Under the section headed "*Description of the Issuer*", the paragraph headed "*Principal Shareholders*" on page 110 of the Base Prospectus, is deleted and replaced by the following:

"**Principal Shareholders**

As of 7 August 2018, the shareholder structure of Intesa Sanpaolo is composed as follows (holders of shares exceeding 3%. [(*)]).

SHAREHOLDER	ORDINARY SHARES	% OF ORDINARY SHARES
Compagnia di San Paolo	1,188,947,304	6.791%
Fondazione Cariplo	767,029,267	4.381%
JP Morgan Chase & Co. (**)	692,902,451	3.958%

(*) *Shareholders that are fund management companies may be exempted from disclosure up to the 5% threshold.*

(**) The aggregate investment of 7.353%, of which 4.190% with voting rights, disclosed by JPMorgan Chase & Co in form 120 B dated 16 July 2018, has been recalculated in 6.946%, of which 3.958% with voting rights, due to the change in Intesa Sanpaolo's share capital of 7 August 2018 as a result of the conversion of savings shares into ordinary shares. The disclosure was made in view of the positions held by JPMorgan Chase & Co in relation to the issue of LECOIP 2.0 Certificates, having as underlying instruments Intesa Sanpaolo ordinary shares, that the Intesa Sanpaolo Group's employees received under the 2018-2021 LECOIP 2.0 Long-term Investment Plan based on financial instruments."

DESCRIPTION OF THE COVERED BOND GUARANTOR

Under the section headed "*Description of the Covered Bond Guarantor*", in the paragraph headed "*Financial Information concerning the Covered Bond Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses*", the second period on pages 130 and 131 of the Base Prospectus is deleted and replaced by the following (the underlined words show the insertions made):

"The financial information of the Covered Bond Guarantor derives from the statutory financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2015, 31 December 2016 <u>and 31 December 2017</u>. <u>The statutory financial statement of the Covered Bond Guarantor as at and for the year ended on 31 December 2017 have been prepared in accordance with IAS/IFRS Accounting Standards principles in respect of which an auditors' report has been delivered by KPMG S.p.A. on 7 March 2018. The statutory financial statement of the Covered Bond Guarantor as at and for the year ended on 31 December 2015 and 31 December 2016</u> are prepared in accordance with IAS/IFRS Accounting Standards principles in respect of which an <u>auditors' report</u> has been delivered by Reconta Ernst & Young S.p.A. (now replaced by EY S.p.A.) on 9 March 2016 and 6 March 2017, respectively. Such financial statements, together with the report of Reconta Ernst & Young S.p.A. (now replaced by EY S.p.A.) <u>and KPMG S.p.A. (as the case may be)</u> and the accompanying notes, are incorporated by reference into this Base Prospectus. The financial information is incorporated by reference into this Base Prospectus (see the section headed "*Documents incorporated by reference*")."

GENERAL INFORMATION

Under the section headed "*General Information*", on page 277 of the Base Prospectus, the sub-section headed "*No significant change and no material adverse change*" is replaced by the following:

"Since 31 December 2017, there has been no material adverse change in the prospects of the Issuer and the Covered Bond Guarantor. Since 31 December 2017 there has been no significant change in the financial or trading position of the Issuer and the Covered Bond Guarantor."

* * *

Under the section headed "*General Information*", on page 277 of the Base Prospectus, the first paragraph of the sub-section headed "*Independent auditors*" is replaced by the following:

"The consolidated annual financial statements of the Issuer as at and for the years ended on 31 December 2015, 31 December 2016 and 31 December 2017 have been audited by KPMG S.p.A. in their capacity as independent auditors of the Issuer, as indicated in their report thereon. The unaudited consolidated interim condensed financial statements of the Issuer in respect of the half-year 2017 have been reviewed by KPMG S.p.A. (the limited review report states that limited procedures have been applied in accordance with professional standards and that KPMG S.p.A. did not audit nor express an opinion on such interim financial information), in their capacity as independent auditors of the Issuer, as indicated in their report thereon."

* * *

Under the section headed "*General Information*", on page 277 of the Base Prospectus, the third paragraph of the sub-section headed "*Independent auditors*" is replaced by the following:

"The annual financial statements of the Covered Bond Guarantor as at and for the years ended on 31 December 2015 and 31 December 2016 have been audited by Reconta Ernst & Young S.p.A. (now replaced by EY S.p.A.), in their capacity as independent auditors of the Covered Bond Guarantor, as indicated in their reports thereon. The annual financial statements for the years ended on 31 December 2017 have been audited by, and the unaudited interim condensed financial statements of the Covered Bond Guarantor in respect of the half-year 2017 have been reviewed by, KPMG S.p.A., in their capacity as independent auditors of the Covered Bond Guarantor, as indicated in their reports thereon."

* * *

Under the section headed "*General Information*", on pages 277 and 278 of the Base Prospectus, the paragraph titled "*Documents available for inspection*" is deleted and replaced by the following (the underlined words show the insertions made):

"**Documents available for inspection**

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 Bond Guarantor's memorandum of association and by-laws as of the date hereof;

(iv) the 1 August 2018 Press Release;

(v) the 17 April 2018 Press Release;

(vi) the 6 February 2018 Press Release;

(vii) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2017;

(viii) the Issuer's unaudited condensed consolidated financial statements as at 30 September 2017;

(ix) the Issuer's unaudited condensed consolidated financial statements in respect of the half-year 2017, with auditors' limited review report;

(x) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2016;

(xi) the Issuer's audited consolidated annual financial statements, including the auditors' report thereon, notes thereto and the relevant accounting principles in respect of the year ended on 31 December 2015;

(xii) the Covered Bond Guarantor's audited annual financial statements, including the auditors' report thereon, in respect of the year ended on 31 December 2017;

(xiii) the Covered Bond Guarantor's unaudited interim condensed financial statements, including the auditors' limited review report, in respect of the half-year 2017;

(xiv) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2016;

(xv) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the year ended on 31 December 2016;

(xvi) the Covered Bond Guarantor's audited annual financial statements in respect of the year ended on 31 December 2015;

(xvii) the auditors' report for the Covered Bond Guarantor in relation to the financial statements in respect of the year ended on 31 December 2015;

(xviii) the terms and conditions of the Covered Bonds contained in the prospectus dated 22 December 2014, pages from 187 to 243 (both included), in the prospectus dated 22 December 2015, pages from 199 to 263 (both included) and in the prospectus dated 23 December 2016, pages from 194 to 258 (both included), each prepared by the Issuer in connection with the Programme.

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

(xx) any reports, letters, balance sheets, valuations and statements of experts included or referred to in the Base Prospectus (other than consent letters);

(xxi) any Final Terms relating to Covered Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Covered Bonds (other than the 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."