

BASE PROSPECTUS



BANCA IMI S.p.A.

(incorporated with limited liability in the Republic of Italy)

EURO MEDIUM TERM NOTE PROGRAMME

Under this Euro Medium Term Note Programme (the **Programme**) Banca IMI S.p.A. (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency determined by the Issuer.

For the purposes of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**) and relevant implementing measures in Ireland, this document (the **Base Prospectus**) constitutes a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland for the purpose of giving information with regard to the issue of the Notes under the Programme during the period of 12 months after the date hereof.

The Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc (the **Irish Stock Exchange**) or other regulated markets for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) or which are to be offered to the public in a Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the official list (the **Official List**) and trading on its regulated market. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive.

Notes may, in certain circumstances, also be admitted to the electronic order book for retail bonds (the **ORB**) of the London Stock Exchange plc (the **London Stock Exchange**).

The Notes will be issued in such denominations as may be specified by the Issuer and indicated in the applicable Final Terms (as defined below) save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes listed on the Irish Stock Exchange, will be delivered to the Central Bank of Ireland on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as the Issuer may determine. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notes may be issued on a continuing basis and may be distributed by way of private or public placement as specified in the applicable Final Terms. If the applicable Final Terms so specify, Notes may be distributed to one or more Managers (each a **Manager**).

The Issuer has been rated Baa2 (long-term) and P-2 (short-term) with stable outlook by Moody's Italia S.r.l. (**Moody's**), BBB (long-term) and A-2 (short-term) with negative outlook by Standard & Poor's Credit Market Services Italy S.r.l. (**Standard & Poor's**) and BBB+ (long-term) and F2 (short-term) with stable outlook by Fitch Ratings Ltd. (**Fitch**). Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under the Regulation (EC) no. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's, Standard & Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See "*Risk Factors*" on pages 24 to 38.

If the applicable Final Terms specify that Condition 7(ii) is applicable, the Issuer is not obliged to gross up any payments in respect of the Notes and shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See "*Subscription and Sale*".

See "*Form of the Notes*" for a description of the manner in which Notes will be issued.

The date of this Base Prospectus is 8 August 2014.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer (the Responsible Person) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information under the heading "*Clearing and Settlement*" on pages 114 to 116 has been extracted from information provided by the clearing systems referred to therein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms. This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office(s) set out below of the Paying Agent(s) (as defined below).

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Manager of an issue of Notes.

No Manager has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Manager as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any Manager to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no material adverse change in the prospects of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented. Investors should review, inter alia, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury

regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF NOTES WHERE THERE IS NO EXEMPTION FROM THE OBLIGATION UNDER THE PROSPECTUS DIRECTIVE TO PUBLISH A PROSPECTUS

Restrictions on Public Offers of Notes in Relevant Member States where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus.

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **Public Offer**. This Base Prospectus has been prepared on a basis that permits Public Offers of Notes in each Member State in relation to which the Issuer has given its consent, as specified in the applicable Final Terms (each specified Member State a **Public Offer Jurisdiction** and together the **Public Offer Jurisdictions**). Any person making or intending to make a Public Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to use this Base Prospectus as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and provided such person complies with the conditions attached to that consent.

Save as provided above, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any Public Offer of Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Public Offer of such Notes, the Issuer accepts responsibility, in each of the Public Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an **Investor**) who acquires any Notes in a Public Offer made by any Manager or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer or any Manager makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and none of the Issuer or any Manager has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraph, the Issuer has not authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor, for the avoidance of doubt, any Manager accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

Specific consent

- (1) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Notes by:
 - (a) the relevant Manager specified in the applicable Final Terms;
 - (b) any financial intermediary specified in the applicable Final Terms; and
 - (c) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (www.bancaimi.com) and identified as an Authorised Offeror in respect of the relevant Public Offer,

in each case subject to such conditions as may be agreed from time to time between the Issuer and the relevant Manager or relevant financial intermediary; and

General consent

- (2) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Notes by any other financial intermediary which satisfies the "*Specific Conditions to General Consent*" set out below.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Public Offer are (in addition to the conditions described under "*Specific Conditions to General Consent*" below if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms;
- (ii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in one or more of the Republic of Ireland, the Republic of Italy, France, Germany, the United Kingdom, Spain, the Portuguese Republic, the Czech Republic, Hungary, the Republic of Poland, the Slovak Republic and the Republic of Slovenia (the **Public Offer Jurisdictions**), as specified in the applicable Final Terms.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be the Republic of Ireland, the Republic of Italy, France, Germany, the United Kingdom, Spain, the Portuguese Republic, the Czech Republic, Hungary, the Republic of Poland, the Slovak Republic and the Republic of Slovenia, and accordingly each Tranche of Notes may only be offered to Investors as part of a Public Offer in the Republic of Ireland, the Republic of Italy, France, Germany, the United Kingdom, Spain, the Portuguese Republic, the Czech Republic, Hungary, the Republic of Poland, the Slovak Republic and the Republic of Slovenia, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

Specific Conditions to General Consent

The conditions to the Issuer's consent are that:

- (i) the financial intermediary must be authorised to make such offers under the Financial Services and Markets Act 2000 (the **FSMA**), as amended, or other applicable legislation implementing the Markets in Financial Instruments Directive (in which regard, Investors should consult the register maintained by the Financial Services Authority at: www.fsa.gov.uk/register/home.do or the applicable register in the Relevant Member State to which a Public Offer is made);
- (ii) the financial intermediary accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the **Acceptance Statement**):

*"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the **Notes**) described in the Final Terms dated [insert date] (the **Final Terms**) published by Banca IMI S.p.A. (the **Issuer**). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus accordingly".*

The **Authorised Offeror Terms**, being the terms to which the relevant financial intermediary agrees in connection with using the Base Prospectus, are that the relevant financial intermediary:

- (1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Manager that it will, at all times in connection with the relevant Public Offer:
 - (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the **Rules**), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Manager if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
 - (b) comply with the restrictions set out under "Subscription and Sale" in this Base Prospectus which would apply as if it were a Manager;
 - (c) ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
 - (d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including, where a Public Offer of Notes is being made in the United Kingdom, authorisation under the FSMA;
 - (e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
 - (f) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Issuer and the relevant Manager or directly to the FSA (or the appropriate authority with jurisdiction over any Manager) in order to enable the Issuer or any Manager to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer or any Manager;

- (g) ensure that no holder of Notes or potential Investor in the Notes shall become an indirect or direct client of the Issuer or the relevant Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (h) co-operate with the Issuer and the relevant Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Manager as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Manager:
 - (i) in connection with any request or investigation by the FSA or any other regulator in relation to the Notes, the Issuer or the relevant Manager; and/or
 - (ii) in connection with any complaints received by the Issuer and/or the relevant Manager relating to the Issuer and/or the relevant Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FSA and/or any other regulator of competent jurisdiction from time to time; and/or
 - (iii) which the Issuer or the relevant Manager may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Manager fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (i) during the period of the initial offering of the Notes: (i) not sell the Notes at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Manager); (ii) not sell the Notes otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Manager;
- (j) either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (k) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Manager to breach any Rule or subject the Issuer or the relevant Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (l) immediately inform the Issuer and the relevant Manager if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- (m) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements or other Authorised Offeror Terms relevant to the Public Offer as specified in the applicable Final Terms;

- (n) make available to each potential Investor in the Notes the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus and the applicable Final Terms; and
 - (o) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Manager accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Manager (as applicable), use the legal or publicity names of the Issuer or the relevant Manager or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in the Base Prospectus;
- (2) agrees and undertakes to indemnify each of the Issuer and the relevant Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Manager; and
- (3) agrees and accepts that:
- (a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the **Authorised Offeror Contract**), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
 - (b) subject to (d) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a **Dispute**) and the Issuer and financial intermediary submit to the exclusive jurisdiction of the English courts;
 - (c) for the purposes of (b) above and (d) below, the financial intermediary waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
 - (d) to the extent permitted by law, the Issuer and the Manager may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
 - (e) each relevant Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for

its benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (1)(b) and 1(c) under “*Consent – Specific Consent*” and paragraph (2) under “*Consent – General Consent*” are together the **Authorised Offerors** and each an **Authorised Offeror**.

Any Authorised Offeror who meets all of the conditions set out in "*Specific Conditions to General Consent*" and "*Common Conditions to Consent*" above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. **THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.** NONE OF THE ISSUER OR, FOR THE AVOIDANCE OF DOUBT, ANY MANAGER (EXCEPT WHERE SUCH MANAGER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Manager at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The Offer Price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. Neither the Issuer or the relevant Manager(s) will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer which is intended to permit a public offering of any Notes in any jurisdiction or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such

restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the Republic of Italy, the United Kingdom, Ireland, the Czech Republic, Germany, Hungary, the Republic of Poland, the Slovak Republic, the Republic of Slovenia and the Portuguese Republic) and Japan (see "Subscription and Sale" on page 142).

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or publish a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

PRESENTATION OF INFORMATION

All references in this document to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars and to "£" refer to Sterling. References to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Base Prospectus.

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In connection with the issue of any Tranche of Notes, the person or persons (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS

Element	
A.1	<p>This summary should be read as an introduction to the Base Prospectus and the applicable Final Terms.</p> <p>Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms.</p> <p>Where a claim relating to information contained in the Base Prospectus and the applicable Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated.</p> <p>Civil liability attaches to the Issuer solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus and the applicable Final Terms or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of this Base Prospectus and the applicable Final Terms, key information in order to aid investors when considering whether to invest in the Notes.</p>
A.2	<p>Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Public Offer.</p>
	<p>[Issue specific summary:</p>
	<p>[Not Applicable - the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[Not Applicable - the Notes are not being offered to the public as part of a Public Offer.]</p> <p><i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Notes by the Manager(s) [, [<i>names of specific financial intermediaries listed in final terms,</i>] [and] [each financial intermediary whose name is published on the Issuer's website (www.bancaimi.com) and identified as an Authorised Offeror in respect of the relevant Public Offer] [and any financial intermediary which is authorised to make such offers under the Financial Services and Markets Act 2000, as amended or other applicable legislation implementing Directive 2004/39/EC (MiFID) and publishes on its website the following statement (with the information in square brackets being completed with the</p>

	relevant information):
	"We, [insert name of financial intermediary], refer to the offer of [insert title of relevant Notes] (the Notes) described in the Final Terms dated [insert date] (the Final Terms) published by Banca IMI S.p.A. (the Issuer). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus accordingly".]
	<i>Offer period:</i> The Issuer's consent referred to above is given for Public Offers of Notes during [offer period for the Notes to be specified here] (the Offer Period).
	<i>Conditions to consent:</i> The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in [specify each Relevant Member State in which the particular Tranche of Notes can be offered] and (c) [specify any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms].
	AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.

SECTION B – ISSUER

Element	
B.1	Legal and commercial name of the Issuer Banca IMI S.p.A.
B.2	Domicile / legal form / legislation / country of incorporation The Issuer is incorporated as a <i>società per azioni</i> with limited liability under the laws of the Republic of Italy. The Issuer is registered with the Companies' Register of Milan under No. 04377700150. Its registered office is at Largo Mattioli 3, 20121 Milan, with telephone number +39 02 72611.
B.4b	Trend information Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.
B.5	Description of the Group The Issuer is a company belonging to the Intesa Sanpaolo banking group, of which Intesa Sanpaolo S.p.A. is the parent company.
B.9	Profit forecast or estimate Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.
B.10	Audit report qualifications Not Applicable - No qualifications are contained in any audit report included in the Base Prospectus.

B.12	<p>Selected historical key financial information</p> <p>The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2012 and 2013 and certain unaudited consolidated selected income statement and selected balance sheet figures for the three months ending 31 March 2014 have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's consolidated financial statements in respect of those dates and periods:</p>																																																																																																																					
	<p><i>Audited Consolidated Balance Sheets for the year ending 31 December 2013 compared with corresponding figures for the year ending 31 December 2012</i></p> <table border="1"> <thead> <tr> <th data-bbox="236 622 304 645">Assets</th> <th data-bbox="842 622 1034 645">31 December 2013</th> <th data-bbox="1257 622 1445 645">31 December 2012</th> </tr> <tr> <td></td> <td colspan="2" data-bbox="1066 656 1225 678"><i>(EUR thousand)</i></td> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td>2</td> <td>3</td> </tr> <tr> <td>Financial assets held for trading</td> <td>55,329,273</td> <td>69,231,420</td> </tr> <tr> <td>Available-for-sale financial assets</td> <td>6,122,475</td> <td>6,714,432</td> </tr> <tr> <td>Due from banks</td> <td>54,664,821</td> <td>56,403,295</td> </tr> <tr> <td>Loans to customers</td> <td>20,364,686</td> <td>17,398,110</td> </tr> <tr> <td>Hedging derivatives</td> <td>551,671</td> <td>1,091,276</td> </tr> <tr> <td>Equity investments</td> <td>12,208</td> <td>13,535</td> </tr> <tr> <td>Property and equipment</td> <td>1,218</td> <td>751</td> </tr> <tr> <td>Intangible assets</td> <td>355</td> <td>194,183</td> </tr> <tr> <td>of which:</td> <td></td> <td></td> </tr> <tr> <td>- goodwill</td> <td>-</td> <td>194,070</td> </tr> <tr> <td>Tax assets</td> <td>610,740</td> <td>294,290</td> </tr> <tr> <td>a) current</td> <td>414,174</td> <td>101,558</td> </tr> <tr> <td>b) deferred</td> <td>196,566</td> <td>192,732</td> </tr> <tr> <td>Other assets</td> <td>403,696</td> <td>451,340</td> </tr> <tr> <td>Total Assets</td> <td>138,061,145</td> <td>151,792,635</td> </tr> <tr> <td data-bbox="236 1317 459 1339">Liabilities and Equity</td> <td data-bbox="842 1317 1034 1339">31 December 2013</td> <td data-bbox="1257 1317 1445 1339">31 December 2012</td> </tr> <tr> <td></td> <td colspan="2" data-bbox="1066 1350 1225 1373"><i>(EUR thousand)</i></td> </tr> <tr> <td>Due to banks</td> <td>44,973,642</td> <td>42,471,641</td> </tr> <tr> <td>Due to customers</td> <td>12,527,587</td> <td>7,602,384</td> </tr> <tr> <td>Securities issued</td> <td>28,945,210</td> <td>32,764,994</td> </tr> <tr> <td>Financial liabilities held for trading</td> <td>47,017,075</td> <td>63,969,708</td> </tr> <tr> <td>Financial liabilities at fair value through profit and loss</td> <td>-</td> <td>-</td> </tr> <tr> <td>Hedging derivatives</td> <td>475,201</td> <td>674,160</td> </tr> <tr> <td>Tax liabilities</td> <td>429,630</td> <td>392,734</td> </tr> <tr> <td>a) current</td> <td>395,883</td> <td>366,462</td> </tr> <tr> <td>b) deferred</td> <td>33,747</td> <td>26,272</td> </tr> <tr> <td>Other liabilities</td> <td>418,353</td> <td>407,355</td> </tr> <tr> <td>Post-employment benefits</td> <td>8,569</td> <td>9,199</td> </tr> <tr> <td>Provisions for risks and charges</td> <td>29,805</td> <td>23,680</td> </tr> <tr> <td>a) pensions and similar obligations</td> <td>12</td> <td>12</td> </tr> <tr> <td>b) other provisions</td> <td>29,793</td> <td>23,668</td> </tr> <tr> <td>Fair value reserves</td> <td>10,497</td> <td>(106,208)</td> </tr> <tr> <td>Reserves</td> <td>1,534,957</td> <td>1,396,770</td> </tr> <tr> <td>Share premium reserve</td> <td>581,260</td> <td>581,260</td> </tr> <tr> <td>Share capital</td> <td>962,464</td> <td>962,464</td> </tr> <tr> <td>Equity attributable to non-controlling</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Assets	31 December 2013	31 December 2012		<i>(EUR thousand)</i>		Cash and cash equivalents	2	3	Financial assets held for trading	55,329,273	69,231,420	Available-for-sale financial assets	6,122,475	6,714,432	Due from banks	54,664,821	56,403,295	Loans to customers	20,364,686	17,398,110	Hedging derivatives	551,671	1,091,276	Equity investments	12,208	13,535	Property and equipment	1,218	751	Intangible assets	355	194,183	of which:			- goodwill	-	194,070	Tax assets	610,740	294,290	a) current	414,174	101,558	b) deferred	196,566	192,732	Other assets	403,696	451,340	Total Assets	138,061,145	151,792,635	Liabilities and Equity	31 December 2013	31 December 2012		<i>(EUR thousand)</i>		Due to banks	44,973,642	42,471,641	Due to customers	12,527,587	7,602,384	Securities issued	28,945,210	32,764,994	Financial liabilities held for trading	47,017,075	63,969,708	Financial liabilities at fair value through profit and loss	-	-	Hedging derivatives	475,201	674,160	Tax liabilities	429,630	392,734	a) current	395,883	366,462	b) deferred	33,747	26,272	Other liabilities	418,353	407,355	Post-employment benefits	8,569	9,199	Provisions for risks and charges	29,805	23,680	a) pensions and similar obligations	12	12	b) other provisions	29,793	23,668	Fair value reserves	10,497	(106,208)	Reserves	1,534,957	1,396,770	Share premium reserve	581,260	581,260	Share capital	962,464	962,464	Equity attributable to non-controlling	-	-
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interests (+/-)		
Profit for the year	146,895	642,494
Total Liabilities and Equity	138,061,145	151,792,635
<i>Audited Consolidated Income Statements for the year ending 31 December 2013 compared with corresponding figures for the year ending 31 December 2012</i>		
	31 December 2013	31 December 2012
	<i>(EUR thousand)</i>	
Interest and similar income	2,212,227	2,382,980
Interest and similar expense	(1,642,834)	(1,815,889)
Net interest income	569,393	567,091
Fee and commission income	439,605	399,258
Fee and commission expense	(243,743)	(178,332)
Net fee and commission income	195,862	220,926
Dividends and similar income	94,676	334,347
Profits (Losses) on trading	263,136	246,636
Profit (Losses) on hedging	7,364	17,467
Profits (Losses) on disposal or repurchase of:		
a) <i>loans and receivables</i>	3,944	3,499
b) <i>available-for-sale financial assets</i>	178,197	123,954
c) <i>held-to-maturity investments</i>	-	-
d) <i>financial liabilities</i>	(35,128)	(13,419)
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	-	(25,062)
Total income	1,277,444	1,475,439
Impairment losses/reversal of impairment losses on:	(268,286)	(110,549)
a) <i>loans and receivables</i>	239,566	(105,228)
b) <i>available-for-sale financial assets</i>	(3,604)	-
c) <i>held-to-maturity investments</i>	-	-
d) <i>other financial assets</i>	(25,116)	(5,321)
Net financial income	1,009,158	1,364,890
Net banking and insurance income	1,009,158	1,364,890
Administrative expenses	(359,982)	(350,581)
a) <i>personnel expenses</i>	(114,825)	(131,760)
b) <i>other administrative expenses</i>	(245,157)	(218,821)
Net accruals to provision for risks and charges	(10,000)	(16,000)
Depreciation and net impairment losses on property and equipment	(319)	(358)
Amortisation and net impairment losses on intangible assets	(65)	(31)
Other operating income (expenses)	6,687	4,771
Operating expenses	(366,679)	(362,199)
Net gains on sales of equity investments	17,839	4,396
Impairment of goodwill	194,070	-
Pre-tax profit from continuing operations	466,248	1,007,087

	Income tax expense	(319,353)	(364,593)
	Post-tax profit from continuing operations	146,895	642,494
	Profit for the year	146,895	642,494
	Profit (loss) attributable to non-controlling interests	-	-
	Profit attributable to the owners of the parent	146,895	642,494
<i>Consolidated Income Statement Selected Figures for the three months ending 31 March 2014 compared with corresponding figures for the three months ending 31 March 2013</i>			
		31 March 2014	31 March 2013
		<i>(EUR thousand)</i>	<i>(per cent)</i>
	Net interest income	168,101	130,579
	Total income	424,929	371,774
	Operating expenses	99,726	92,410
	Net financial income	384,337	322,471
	Pre-tax profit from continuing operations	285,396	230,919
	Profit for the period	180,496	145,036
<i>Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2014 compared with corresponding figures for the year ending 31 December 2013</i>			
		31 March 2014	31 December 2013
		<i>(EUR million)</i>	<i>(per cent)</i>
	Net investments	30,188.3	28,676.9
	Net revenue	33,957.9	31,781.6
	Indirect revenue	-	-
	Financial assets	66,624.7	61,451.7
	Total assets	144,927.8	138,061.1
	Net equity	3,424.4	3,236.1
<i>Statements of no significant or material adverse change</i>			
There has been no significant change in the financial or trading position of the Issuer since 31 March 2014 and there has been no material adverse change in the prospects of the Issuer since 31 December 2013.			
B.13	Events impacting the Issuer's solvency		
	Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.		
B.14	Dependence upon other group entities		
	The Issuer is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A., which is the parent company of the Intesa Sanpaolo banking group, to which the Issuer belongs.		
B.15	Principal activities		
	The Issuer is a banking institution established under the laws of the Republic of Italy engaged in investment banking activities. The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and		

	it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into four business divisions: <i>Capital Markets</i> , <i>Finance & Investments</i> , <i>Investment Banking</i> and <i>Structured Finance</i> .
B.16	Controlling shareholders The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.
B.17	Credit ratings The Issuer has been rated Baa2 (long-term) and P-2 (short-term) with stable outlook by Moody's Italia S.r.l. (Moody's), BBB (long-term) and A-2 (short-term) with negative outlook by Standard & Poor's Credit Market Services Italy S.r.l. (Standard & Poor's) and BBB+ (long-term) and F2 (short-term) with stable outlook by Fitch Ratings Ltd. (Fitch).
	Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Series of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency.
	[Issue specific summary:
	The Notes [have been/are expected to be] rated [<i>specify rating(s) of Series being issued</i>] by [<i>specify rating agent(s)</i>].
	A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]
	[Not Applicable – No ratings have been assigned to the Issuer or its Notes at the request of or with the co-operation of the Issuer in the rating process.]]

SECTION C – NOTES

Element	
C.1	Type and class of the Notes The Issuer may issue Notes pursuant to the Programme.
	Notes may be fixed rate Notes, fixed rate reset Notes, floating rate Notes, zero coupon Notes, dual currency Notes or a combination of the foregoing.
	Notes will be issued in bearer form. Notes may be in definitive form, or may initially be represented by one or more global securities deposited with a common depository or a common safekeeper for Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme (Clearstream, Luxembourg) and/or any other relevant clearing system. Global securities may be exchanged for definitive securities in the limited circumstances described in the relevant global security. In addition, in certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST (CDIs). CDIs represent interests in the relevant Notes underlying the CDIs; the CDIs are not themselves Notes. CDIs are independent securities distinct from the Notes, are constituted under

	English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). CDI holders will not be entitled to deal directly in the Notes.
	The Notes shall be redeemed at par.
	The security identification number of the Notes will be set out in the relevant Final Terms.
	<i>[Issue specific summary]</i>
	Title of Notes: [●]
	Series Number: [●]
	Tranche Number: [●]
	ISIN Code: [●]
	Common Code: [●]
	Relevant Clearing Systems(s): The Notes will settle in [Euroclear and Clearstream, Luxembourg]/[●]. [The Notes will also be made eligible for CREST via the issue of CDIs.] [The Notes will be consolidated and form a single series with [identify earlier Tranches] on [the Issue Date/ exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [date]]]
C.2	Currency of the Notes Subject to compliance with all relevant laws, regulations and directives, the Notes may be denominated in any agreed currency and payments in respect of the Notes may be made in the currency of denomination of the Notes or in such currency and based on such rates of exchange, as the Issuer and the relevant Manager may agree at the time of issue of the relevant Notes.
	<i>[Issue specific summary]</i>
	The Notes are denominated in [●]. Payments of interest in respect of the Notes will be made in [●]. Payments of principal in respect of the Notes will be made in [●].]
C.5	Restrictions on free transferability Selling restrictions apply to offers, sales or transfers of the Notes under the applicable laws in various jurisdictions. A purchaser of the Notes is required to make certain agreements and representations as a condition to purchasing the Notes.
	<i>[Issue specific summary]</i>
	Regulation S Compliance Category 2. TEFRA [C] [D] [not applicable]]
C.8	Description of the rights attaching to the Notes Status: The Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
	Negative pledge: The Notes do not have the benefit of a negative pledge.

	Deed of covenant: The Notes have the benefit of a deed of covenant dated on or around 8 August 2014.
	Right to interest: Notes may bear interest as determined in accordance with item C.9 below.
	Right to redemption: The early redemption amount or final redemption amount is determined in accordance with item C.9 below.
	<p>Taxation: If the applicable Final Terms specify that Condition 7(i) is applicable to the Notes, principal and interest in respect of the Notes will be payable by the Issuer without withholding or deduction for or on account of withholding taxes imposed by the Republic of Italy or by or on behalf of any political subdivision or any authority therein having power to tax subject as provided in Condition 7(i). In the event that any deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7(i), be required to pay additional amounts to cover the amounts so deducted.</p> <p>If the applicable Final Terms specify that Condition 7(ii) is applicable to the Notes, the Issuer is not obliged to gross up any payments in respect of the Notes and shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.</p>
	All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to the Foreign Account Tax Compliance Act, as provided in Condition 4(ii).
	Events of Default: The terms of the Notes will contain, amongst others, the following events of default:
	(a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time;
	(b) non-performance or non-observance by the Issuer of any of its other obligations under the Terms and Conditions continuing for a specified period of time;
	(c) the Issuer suspends its payments generally; and
	(d) events relating to the insolvency or winding up of the Issuer.
	Meeting of Noteholders: The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.
	Governing law: English law.
C.9	<p>Interest and Redemption</p> <p><i>Interest</i></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate or a combination of the foregoing. Interest on interest-bearing Notes may be paid in the currency of denomination of the Notes or, if the Notes are specified as being dual currency interest Notes, in such currencies, and based on such rates of exchange, as the Issuer and the relevant Manager may agree at the time of issue of the relevant Notes.</p>

	<p><i>[Issue specific summary]</i></p> <p>[The Notes bear interest [from their date of issue/from [●]] at the fixed rate of [●] per cent. per annum [and from [●] at the fixed rate of [●] per cent. per annum]. The yield of the Notes is [●] per cent. Interest will be paid [●] in arrear on [●] [and [●]] in each year. The first interest payment will be made on [●]].</p> <p>[The Notes bear interest [from their date of issue/from [●]] to [●] at the fixed rate of [●] per cent. per annum and from [●] to [●] (the Reset Period) [and each successive Reset Period thereafter] at a fixed rate of interest per annum [of [●] per cent. per annum/calculated by reference to <i>[describe reference rate for Notes being issued]</i> [plus/minus] a margin of [●] per cent]. The yield of the Notes is [●] per cent. Interest will be paid [●] in arrear on [●] [and [●]] in each year. The first interest payment will be made on [●]].</p> <p>[The Notes bear interest [from their date of issue/from [●]] at [●] floating rate[s] calculated by reference to <i>[specify reference rate(s) or difference of reference rate(s), as applicable, for Notes being issued]</i> [multiplied by a rate multiplier of [●] per cent.] [plus/minus] a margin of [●] per cent. [Subject to a maximum rate of interest of [●]] [and] [subject to a minimum rate of interest of [●]] Interest will be paid [●] in arrear on [●] [and [●]] in each year, subject to adjustment for non-business days. The first interest payment will be made on [●]].</p> <p>[The Notes may bear interest on a different interest basis in respect of different interest periods. The Issuer has the option of changing the interest basis between [fixed rate], [fixed reset rate] and [floating rate] in respect of different periods, upon prior notification of such change in interest basis to Noteholders.]</p> <p>[Interest will be paid in <i>[insert payment currency]</i>.]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p>
	<p><i>Redemption</i></p> <p>The terms under which Notes may be redeemed (including the maturity date, the price at which they will be redeemed on the maturity date, the currency of redemption and rate of exchange with the currency of denomination, as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Manager at the time of issue of the relevant Notes.</p> <p><i>Issue specific summary:</i></p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [●] at [●]. [The Notes will be redeemed in <i>[insert payment currency]</i>.]</p> <p>[The Notes may be redeemed early for tax reasons [or <i>[specify any other early redemption option applicable to the Notes being issued]</i>] at <i>[specify the early redemption price and any maximum or minimum redemption amounts, applicable to the Notes being issued]</i>.]</p> <p><i>Representative of holders</i></p> <p>Not Applicable – No representative of the Noteholders has been appointed by the Issuer.</p>
<p>C.10</p>	<p>Derivative component on interest</p> <p>Not Applicable – The Notes do not have a derivative component in the interest payment.</p>
<p>C.11</p>	<p>Listing and Admission to trading</p>

	Notes issued under the Programme may be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Regulated Market of the Irish Stock Exchange, or may be admitted to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market, or such other stock exchange or market specified below, or may be issued on an unlisted basis.
	<i>[Issue specific summary:</i>
	[Application for Notes has been made/ is expected to be made for [listing on the Official List of the Irish Stock Exchange and for admission to trading on the Regulated Market of the Irish Stock Exchange] [for admission to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market].]
	[The Notes are not intended to be admitted to trading.]

SECTION D – RISKS

D.2	<p>Key risks regarding the issuer</p> <p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.</p> <p>These factors include:</p> <ul style="list-style-type: none"> • Banca IMI's business may be adversely affected by international markets and economic conditions; • Disruptions and volatility in the global and Euro-zone financial markets may adversely impact Banca IMI's business; • Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect Banca IMI's business and results of operations; • Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy; • Banca IMI's business is exposed to counterparty credit risk; • Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance; • Banca IMI's business is exposed to settlement risk and transfer risk; • Banca IMI's business is exposed to market risk; • Banca IMI's business is exposed to operational risks; • Banca IMI's business is exposed to liquidity risk; • Banca IMI's business is exposed to legal risks;

	<ul style="list-style-type: none"> • Banca IMI's business is exposed to risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value; • Banca IMI's business is exposed to increasing competition in the financial services industry; • Banca IMI's business is exposed to risks arising from the loss of key personnel; • Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses; • Banca IMI's business is exposed to reputational risk; • Regulatory claims may arise in the conduct of Banca IMI's business; • Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject; • Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate; • Banca IMI's business is exposed to risk of changes in tax legislation as well as to increases in tax rates; • Banca IMI's business is exposed to risks associated with a reduction in the support actions for the banking and financial system; and • Banca IMI's business is exposed to risk related to transactions in financial derivatives.
D.3	Key risks regarding the Notes
	<p>There are also risks associated with specified types of Notes and with the Notes and the markets generally, including:</p> <ul style="list-style-type: none"> • the Notes may not be a suitable investment for all investors; • [the value of the Notes may be adversely affected by movements in market interest rates;] • [the value of the Notes may be adversely affected by fluctuations in currency exchange rates;] • [as the issuer has the right to redeem the Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate;] • [there can be no assurance that Notes will be recognised as eligible collateral for Eurosystem monetary and intra-day credit operations and added to the list of eligible assets maintained by the European Central Bank or, if they are so recognised, that they will continue to be recognised at all times during their life;] • [where the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amounts receivable in respect of the Notes;] • the terms and conditions of the Notes contain provisions which may permit their modification without

	<p>the consent of all investors;</p> <ul style="list-style-type: none"> • in respect of certain Notes, the Issuer is not obliged to gross up any payments in respect of the Notes; • stamp taxes or other documentary charges may be payable in the country where the Notes are transferred; • U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes; • investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them; • that there may be no or only a limited secondary market in the Notes; • that the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency; • that any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes; • the Notes will be settled by the Issuer through one or more clearing systems and agents. In addition investors may hold Notes through one or more intermediaries. As a result it may be necessary to enforce rights under the Notes through such indirect holding structure and delays and settlement risk may exist as a result. Further, investors may be subject to provisions outside of, and different from, the Notes by virtue of their holding through one or more intermediaries. <p>Additionally, the risks relating to investment in the Notes depend on their features and may include, inter alia, risks relating to (but not limited to) operational/business risk, credit risk, liquidity risk, interest rate risk, regulatory risk, reputational risk, competition risk, unsecured obligations, market risk, hedging and potential conflicts of interest, tax liabilities, expenses and taxation, third party risk, structural risks relating to particular Notes, exchange rate risks, possible illiquidity of Notes, modification, meetings, optional redemption, a requirement to hold a minimum amount of Notes, transfer restrictions and exchange listing and legal regulation risk.</p>
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SECTION E – OFFER

Element	
E.2b	<p>Use of proceeds</p> <p>The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.</p>
	<p><i>[Issue specific summary]</i></p>
	<p>The net proceeds from the issue of Notes will be applied by the Issuer [for its general corporate purposes] [and] <i>[specify other]</i>.</p>
E.3	<p>Terms and conditions of the offer:</p> <p>If so specified in the relevant Final Terms, the Notes may be offered to the public in a Public Offer in one or more specified Public Offer Jurisdictions.</p>
	<p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Managers at the time of issue and specified in the applicable Final Terms. Offers of the Notes are</p>

	conditional on their issue. An Investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.
	<i>Issue specific summary:</i>
	[Not Applicable - the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency.)]
	[Not Applicable - the Notes are not being offered to the public as part of a Public Offer.]
	The issue price of the Notes is [●] per cent. of their nominal amount.
	[Summarise the terms of any Public Offer as set out in paragraph [●] and section [●] of Part B of the Final Terms]
E.4	<p>Description of any interest of natural and legal persons involved in the issue/offer that is material to the issue/offer including conflicting interests</p> <p>The relevant Managers may be paid fees in relation to any issue of Notes under the Programme. Any such Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and their affiliates in the ordinary course of business.</p>
	<i>Issue specific summary</i>
	[Other than as mentioned above, [and save for [any fees payable to the Manager [and any other Authorised Offeror]] [●],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]
E.7	<p>Expenses charged to the investor by the Issuer or an Authorised Offeror</p> <p><i>Issue specific summary:</i></p>
	[No expenses are being charged to an investor by the Issuer [or any Authorised Offeror]. [For this specific issue, however, expenses may be charged by an Authorised Offeror (as defined above) in the range between [●] per cent. and [●] per cent. of the nominal amount of the Notes to be purchased by the relevant investor.]] [Specify other]

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme and/or are material for the purpose of assessing the market risks associated with Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur or arise for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on its business operations or the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Banca IMI's business may be adversely affected by international markets and economic conditions

Banca IMI's business may be adversely affected to a material extent by conditions in the global financial markets and economic conditions generally both in Italy and internationally. Factors such as the liquidity of the global financial markets; the level and volatility of equity and bond prices; interest rates and commodities prices; investor sentiment; inflation; and the availability and cost of credit may significantly affect Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects. The possibility that one or more EU Member States may leave the European Monetary Union or, in an extreme scenario, the European Monetary Union may be dissolved, may affect, with unpredictable consequences, Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects.

A market downturn would likely lead to a decline in the volume of transactions that Banca IMI executes for its customers and, therefore, lead to a decline in the revenues it receives from trading commissions and spreads. In addition, lower market volatility will reduce trading and arbitrage opportunities, which could lead to lower trading revenues. Higher interest rates or weakness in the markets also could adversely affect the willingness of financial sponsors or investors to participate in loan syndications or underwritings managed by Banca IMI. In addition, the revenues derived from mark-to-market values of Banca IMI's financial and other assets may be affected by many factors, including its credit standing, its success in proprietary positioning, volatility in interest rates and equity and debt markets and other economic and business factors and other factors. There can be no assurance that any volatility relating to the above factors or other conditions could not materially adversely affect Banca IMI's operating results, financial condition and prospects.

Disruptions and volatility in the global and the Euro-zone financial markets may adversely impact Banca IMI's business

From August 2007, the global financial system has experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Following a period of stabilisation in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in certain EU countries. Despite rescue packages provided to certain of these countries during the past years, uncertainty over the outcome of these

measures and worries about sovereign finances continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Standard & Poor's, Moody's and Fitch have repeatedly downgraded the credit ratings of several EU countries. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Even though market conditions have improved somewhat, the developments in the financial markets were driven mainly by central bank initiatives and markets remained volatile with uncertainty about future macroeconomic developments. It cannot be excluded that, for example, a further deterioration of public finances of certain European countries would lead to new funding uncertainty, resulting in increased volatility, and a potential tightening of liquidity conditions in the future widening credit spreads. Risks related to the European economic crisis have also had, and are likely to continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Banca IMI's ability to access capital and liquidity on financial terms acceptable to it. Further, as Banca IMI's businesses and revenues are mainly derived from operations in the Italian and Euro-zone markets, they may be subject to negative fluctuations as a result of the above considerations. There can be no assurance that Banca IMI will not suffer losses in the future arising from its trading activities or operations in the Italian and Euro-zone markets. In addition, there is no assurance that the debt crisis in the Euro-zone will not affect Banca IMI's liquidity sources and funding capabilities.

Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect the Banca IMI's business and results of operations

Banca IMI's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular Italy and, to a lesser degree, other EU countries.

Adverse economic developments have affected and may continue to affect the Banca IMI 's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Banca IMI's customers, which, in turn, could further reduce the Banca IMI's credit quality and demand for the Banca IMI's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Banca IMI's business, financial condition and results of operations, and measures implemented by Banca IMI might not be satisfactory to reduce any credit, market and liquidity risks.

Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy

Although Banca IMI operates in many countries, Italy is its primary market. Banca IMI's businesses are therefore particularly sensitive to adverse macroeconomic conditions in Italy.

The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other Euro-zone and OECD nations, could have a material adverse effect on Banca IMI's business, results of operations or financial condition.

In addition, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, may destabilise the markets and have a material adverse effect on the Banca IMI's operating results, financial condition and prospects.

As Banca IMI's businesses and revenues are mainly derived from operations in the Italian and Euro-zone markets, they may be subject to negative fluctuations as a result of the above considerations. There can be no assurance that Banca IMI will not suffer losses in the future arising from its trading activities or operations in the Italian and Euro-zone markets. In addition, there is no assurance that the debt crisis in the Euro-zone will not affect Banca IMI's liquidity sources and funding capabilities.

Banca IMI's business is exposed to counterparty credit risk

Counterparty credit risk is the risk of losses due to the failure on the part of Banca IMI's counterparties to meet their payment and/or deliveries obligations to the Issuer, or the risk that the creditworthiness of Banca IMI's counterparties may be adversely affected. Counterparty credit risk refers to all claims against customers, mainly loans, but also liabilities in the form of other extended credits, guarantees, holding of securities, approved and undrawn credits, as well as counterparty risk arising through derivatives (including over-the-counter derivatives) and foreign exchange contracts.

In particular, Banca IMI routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate clients. Many of these transactions expose Banca IMI to the risk that the Banca IMI's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults on its obligations prior to maturity when Banca IMI has an outstanding claim against that counterparty. Due to volatility in foreign exchange and fixed income markets during the past years, this risk has remained at an elevated level compared to the period preceding the global financial and economic crisis.

Banca IMI's counterparties may be unable to meet their obligations to the Issuer due to bankruptcy, lack of liquidity, operational malfunctioning or for any other reasons and any such default could have an adverse effect on Banca IMI's operating results, financial condition and prospects.

In addition, the default of any important participant in the financial market or even the likelihood of such a default, even where such a participant is not a direct Banca IMI's counterparty, may give rise to significant liquidity problems or losses or defaults on the part of other banks, which in turn could have an adverse effect on the Issuer. Furthermore, a downgrading in the credit rating of third parties in which the Issuer holds securities and bonds could result in losses and/or have an adverse effect on the Issuer's capacity to enter into transactions on such securities or bonds, or to use such securities for liquidity purposes. A significant downgrading of the Issuer's counterparties could therefore have a negative impact on the Issuer's own results. Whereas, in many cases, the Issuer may be entitled to ask for additional guarantees from counterparties in financial difficulties, disputes may arise regarding the amounts of the guarantees that the Issuer is entitled to receive and/or the value of the assets required as security and/or additional security. Defaults, credit rating downgradings and disputes with counterparties regarding the valuation of guarantees usually increase substantially in circumstances where market turmoil and illiquidity are prevailing.

The credit quality of Banca IMI's on-balance sheet and off-balance sheet assets may be affected by business conditions. In a poor economic environment there is a greater likelihood that more of Banca IMI's customers or counterparties could become delinquent on their loans or other obligations to Banca IMI which, in turn, could result in a higher level of charge-offs and provision for credit losses, all of which are likely to adversely affect Banca IMI's operating results, financial condition and prospects.

Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance

Banca IMI makes provisions for loan losses in accordance with IFRS; however, the provisions made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. Adverse changes in the credit quality of Banca IMI's borrowers or a decrease in collateral values are likely to affect the recoverability and value of Banca IMI's assets and require an increase in Banca IMI's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect Banca IMI's financial performance. In particular, Banca IMI's exposure to corporate customers is subject to adverse changes in credit quality should the economic environment in the Banca IMI's markets deteriorate. Further, actual loan losses vary over the business cycle. It should also be pointed out that the Issuer's loan portfolio is subject to the asset quality review diligence by the European Central Bank acting in cooperation with national supervisory authorities.

A significant increase in the size of the Banca IMI's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Banca IMI's business, financial condition and results of operations.

Banca IMI's business is exposed to settlement risk and transfer risk

As a consequence of its transactions in financial instruments, including foreign exchange rate and derivative contracts, Banca IMI is exposed to settlement risk and transfer risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty or after when Banca IMI has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed, and transfer risk is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the countries concerned.

Banca IMI's business is exposed to market risk

Banca IMI is exposed to market risk, as the value of the financial and other assets held by Banca IMI in its trading portfolio may decrease as a result of changes in market variables (such as interest rates, exchange rates and currencies, stock market prices, the prices of raw materials, credit spreads and/or other variables). Such changes could be generated by changes in general economic trends, changes in investors' propensity to invest, monetary and fiscal policies, market liquidity on a global scale, reduced availability and increased cost of capital, rating agency decisions, political events at both local and international level, military conflicts.

To the extent volatile market conditions persist or recur, the fair value of Banca IMI's bond, derivative and credit portfolios, as well as other classes, could fall more than estimated, and therefore cause Banca IMI to record write-downs. Future valuations of the asset for which Banca IMI has already recorded or estimated write-downs, which will reflect the then prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value, which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require Banca IMI to recognise further write-downs or realise impairment charges. There can be no assurance that any reduction in value of the financial and other assets held by Banca IMI in its trading portfolio could not materially adversely affect Banca IMI's operating results, financial condition and prospects.

In addition, because Banca IMI's trading and investment income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Banca IMI's trading and investment income, or result in a trading loss, which in turn could have a material adverse effect on the Banca IMI's business, financial condition and results of operations.

Banca IMI's business is exposed to operational risks

Operational risk is the risk of incurring losses as a result of the inappropriateness or the malfunctioning of procedures, mistakes or shortcomings of human resources and internal systems, or external events. The main sources of operational risk include: fraud, mistakes, business interruption, insecure information systems, failure to meet contractual obligations, and social and environmental impacts. Legal risk is included, while strategic and reputational risks are not. It is not possible to identify a prevailing source of operational risk constantly present within the Group, since operational risk is inherent in all corporate processes and activities.

Banca IMI is exposed to many types of operational risk, and operational losses, including monetary damages, reputational damage, costs, and direct and indirect financial losses and/or write-downs, may result from inadequacies or failures in internal processes, systems (for example, information technology ("IT") systems), licences from external suppliers, fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of Banca IMI's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise.

If any of financial, accounting, or other data processing systems used by Banca IMI fail or have other significant shortcomings, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates such operations or systems, Banca IMI could be materially adversely affected, as any of these occurrences could result in a diminished ability of Banca IMI to operate one or more of its businesses, potential liability to clients, reputational damage and regulatory intervention.

Banca IMI may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control, which may include, for example, computer viruses or electrical or telecommunications outages or natural disasters or events arising from local or regional politics, including terrorist acts. Such disruptions may give rise to losses in service to customers and loss or liability to Banca IMI.

Although Banca IMI has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by Banca IMI, or that Banca IMI's controls and procedures as well as business continuity and data security systems prove to be adequate at all times and in all circumstances. There is no assurance that significant deficiencies or material weakness in internal controls may not occur in the future.

Banca IMI's business is exposed to liquidity risk

Liquidity risk is the risk that Banca IMI will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost.

Two different categories are generally identified in connection with liquidity risk: (i) Funding Liquidity Risk, (i.e. the risk of being unable to meet payment obligations due to the inability to obtain funding) and (ii) Market Liquidity Risk (i.e. the presence of restrictions on the ability to sell assets without incurring a capital loss, due to the illiquid nature of the market and/or due to the timing required for the transaction).

Banca IMI's funding capability is critical to its ability to operate its businesses, grow and be profitable. Potential conditions that could negatively affect Banca IMI's funding capability include events making Banca IMI unable to obtain access to capital markets by issuing debt instruments (with or without security) or materially impairing such ability, unforeseen cash or capital requirements or an inability to sell assets or redeem investments.

Further, the volume of funding sources, in particular long-term funding, may be constrained during periods of liquidity stress. Turbulence in the global financial markets and economy may adversely affect Banca IMI's liquidity and the willingness of certain counterparties and customers to do business with Banca IMI, which may result in a material adverse effect on Banca IMI's business and results of operations.

Banca IMI's credit ratings are also an important part of maintaining its liquidity and funding capability, as a reduction in Banca IMI's credit ratings would negatively affect Banca IMI's funding capability. A credit ratings downgrade, depending on its severity, could potentially increase borrowing costs, limit access to capital markets, require cash payments or collateral posting, and permit termination of certain contracts material to Banca IMI. Therefore, a reduction in credit ratings could adversely affect Banca IMI's access to liquidity and its competitive position, and thus, have a material adverse effect on its business, financial condition and results of operations. Further, there can be no assurances that Banca IMI will be able to maintain its current ratings or that Banca IMI can retain current ratings on its debt instruments.

In addition, it should be noted that in response to the Euro-zone financial markets crisis and its resulting effects (reduced liquidity available to market operators in the industry, increase of risk premiums and capital requirements demanded by investors), intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many Euro-zone countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.

The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting Banca IMI's business, financial condition and results of operations.

Legal risks

In the normal course of its business, Banca IMI is party to a number of legal proceedings including civil, tax and administrative proceedings, as well as investigations or proceedings brought by regulatory agencies. Such actions brought against Banca IMI may result in judgments, settlements, fines, penalties or other results adverse to Banca IMI which could materially adversely affect Banca IMI's business, financial condition or results of operation, or cause it serious reputational harm.

As at 31 December 2013, provisions for risks and charges are in the amount of approximately €29,800,000.

For more detailed information, see paragraph headed "*Litigation*" under the section headed "*Description of Banca IMI S.p.A.*".

Risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value

The Issuer's accounting policies and methods are fundamental to how the Issuer records and reports its financial condition and results of operations. Some of these policies require the use of estimates and assumptions that may affect the value of Banca IMI's assets or liabilities and financial results, and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain.

Estimates and assumptions are strongly influenced, inter alia, by the national and international market and economic context, the performance of financial markets, the volatility of financial parameters and credit quality, which are all unpredictable factors which may have a significant impact on interest rate movements, price fluctuations and the creditworthiness of counterparties. Consequently, the estimates and assumptions used may vary from time to time and, as a result, in subsequent financial years current values may differ, even significantly, due to changes in subjective assessments made or could otherwise require review to take account of any changes which may have occurred in that period.

Future changes in the fair value of financial assets or liabilities and/or their classification, also arising from changes in market conditions and/or a reduction of volumes traded on the markets resulting in lower exchange prices, may have significant negative effects on the operating income and/or on the Issuer's economic and financial position and/or net assets.

In addition, entities which set and/or interpret accounting standards (such as bank regulators and external auditors) may change or even reverse any previous interpretations or positions on how standards should be applied. These changes can be hard to predict and can materially impact how Banca IMI records and reports its financial condition and results of operations. In some cases, Banca IMI could be required to apply new or revised standards retroactively, resulting in the Issuer having to restate prior period financial statements.

Banca IMI's business is exposed to increasing competition in the financial services industry

Banca IMI operates in a highly competitive environment and expects competitive conditions to continue to intensify as continued merger activity in the financial services industry produces larger, better-capitalised and more geographically-diverse companies that are capable of offering a wider array of financial products and services at more competitive prices.

Banca IMI faces stiff competition in all business areas and competes both in Italy and abroad with investment banks, securities firms, brokerages and other financial services providers. Competition includes global financial institutions,

local banks and European financial institutions, which are similar to Banca IMI in terms of both size and services offered.

Ongoing or increased competition may put downward pressure on prices for Banca IMI' products and services, may cause Banca IMI to lose market share, incur margin reduction in profitability, or may require Banca IMI to make additional capital investment in its businesses in order to remain competitive. If Banca IMI is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

There can be no assurance that Banca IMI can maintain its competitive position or that the significant and increasing competition in the financial services industry will not materially adversely affect Banca IMI's future results of operations.

Banca IMI's business is exposed to risks arising from the loss of key personnel

The loss of key personnel, where the Issuer is unable to replace such persons in a timely manner, may adversely affect Banca IMI's business, financial condition or results of operation.

Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses

Banca IMI's risk management framework is made up of various processes and strategies to manage Banca IMI's exposure. The types of risk which Banca IMI is subject to include liquidity risk, credit risk, market risk, operational risk, reputational and legal risk.

There can be no assurance that Banca IMI's risk management framework, including such framework's underlying assumptions, will be effective in all conditions and circumstances. Should Banca IMI's risk management prove to be ineffective and/or ineffective in certain conditions or circumstances, there can be no assurance that this will not result in Banca IMI suffering unexpected losses or that such risk management inefficiency will not materially adversely affect Banca IMI's business, financial condition or results of operation.

Banca IMI's business is exposed to Reputational Risk

Banca IMI's ability to attract and retain customers and transact with its counterparties could be adversely affected to the extent Banca IMI's and/or the Intesa Sanpaolo Group's reputation is damaged. In addition, the failure of Banca IMI to address, or apparent failure to address, various issues that could give rise to reputational risk could cause harm to Banca IMI and its business prospects and could adversely affect Banca IMI's operating results, financial condition and prospects.

Regulatory claims may arise in the conduct of the Banca IMI's business

In the ordinary course of its business, Banca IMI is subject to regulatory oversight and liability risk. Banca IMI carries out operations in a number of jurisdictions and is subject to regulation in each such jurisdiction. Regulations and regulatory requirements are continuously amended and new requirements are imposed on Banca IMI, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance. There can be no assurances that breaches of regulations by Banca IMI will not occur and, to the extent that any such breach does occur, that significant liability or penalties will not be incurred. Banca IMI is involved in a variety of claims, disputes, and legal proceedings in jurisdictions where it is active. These types of claims and proceedings expose Banca IMI to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on Banca IMI's business, financial condition and results of operations. Adverse regulatory actions against Banca IMI or adverse judgments in litigation to which Banca IMI is party could result in restrictions or limitations on

Banca IMI's operations or result in a material adverse effect on Banca IMI's business, financial condition and results of operations.

Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject

Banca IMI operates within a highly regulated environment and it is subject to extensive regulation and supervision by the Bank of Italy, the Italian Securities and Exchange Commission (**CONSOB**), the European Central Bank and the European System of Central Banks. The regulations to which Banca IMI is subject will continue to have a significant impact on Banca IMI's operations and the degree to which it can grow and be profitable. Regulators to which Banca IMI is subject have significant power in reviewing Banca IMI's operations and approving its business practices.

Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) changes in monetary, interest rate and other policies, (ii) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or may increase the costs of doing business in the markets where Banca IMI carries out its business, (iii) changes in capital adequacy framework, imposition of onerous compliance obligations, restrictions on business growth or pricing and requirements to operate in a way that prioritises other objectives over shareholder value creation, (iv) changes in competition and pricing environments, (v) differentiation amongst financial institutions by governments with respect to the extension of guarantees to banks and the terms attaching to such guarantees, and (vi) further developments in the financial reporting environment.

The regulatory framework governing international financial markets has been recently amended in response to the credit crisis, and new legislation and regulations have been introduced in Italy and the European Union that will affect Banca IMI. Such initiatives include, but are not limited to, requirements for liquidity, capital adequacy and handling of counterparty risks, regulatory tools provided to authorities to allow them to intervene in scenarios of distress and the introduction of a common system of financial transaction tax in the euro area.

In detail, the Basel Committee on Banking Supervision has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on December 2010, January 2011 and July 2011 ("Basel III"). Basel III has been implemented in the EU by the European Commission through a legislative package aimed at strengthening the regulation of the banking sector by way of the combination of an amendment to the Capital Requirements Directive (Directive 2013/36/EU, known as the "CRD IV") and the implementation of the Capital Requirements Regulation (Regulation 575/2013, known as the "CRR", and together with the CRD IV, the "CRR/CRD IV Package"). The CRD IV and the CRR entered into force on 1 January 2014 based on a progressive implementation plan.

Developments in the regulatory framework include, among the main innovations, increased level and enhanced quality of banks' capital (with the introduction of the Common Equity Tier 1 - CET1), the introduction of the Leverage Ratio (ratio between the Core Tier I and Total Assets, including the off balance sheet adjusted for the actual exposure in derivatives), changes to the assessment of counterparty risk and introduction of two new regulatory liquidity ratios (Liquidity Coverage Ratio - LCR and Net Stable Funding Ratio - NSFR).

Under the Single Supervisory Mechanism ("SSM"), the European Central Bank has been granted direct powers of supervision over banks resident in the Euro area and other Member States that are part of the Banking Union with the responsibility to ensure, inter alia, consistent application of legal provisions across the Euro area. The Issuer belongs to the Intesa Sanpaolo Group, which is one of the Italian banking groups that will be monitored by the European Central Bank from November 2014.

On 15 April 2014, the European Parliament adopted the Bank Recovery and Resolution Directive ("BRRD") and the Single Resolution Mechanism Regulation ("SRM"), establishing a common European framework on the reorganization and resolution of the crisis of credit institutions and investment firms, with the primary intention (i) to safeguard the main functions of ailing banks, avoiding at the same time, governmental interventions and (ii) to ensure that the resolution of the crisis of credit institutions and investment firms supervised under the SSM may be managed efficiently with minimal costs for the real economy. These measures include in particular the establishment of a single recovery

and resolution regime for credit institutions and a mechanism (so-called bail-in) through which the credit institution's losses in a crisis situation are transferred to shareholders and certain creditors (also including unsubordinated bond holders and, within certain limits, holders of deposits) through conversion of their claims in equity instruments, and as a result of such conversion, cancellation or substantial reduction of their existing claims.

Such enhanced capital requirements, restrictions on liquidity and increased ratios applicable to the Issuer on the basis of laws and/or regulations that will be adopted and/or will enter into force in the future, are expected to have a significant impact on the capital and asset and liability management of Banca IMI and costs involved could have a material adverse effect on the Banca IMI's business, financial condition and results of operations..

In addition, as Banca IMI expands its international operations, its activities will become subject to an increasing range of laws and regulations that will likely impose new requirements and limitations on certain of Banca IMI's operations.

Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate

Under the CRR/CRD IV Package Banca IMI, as a member of the Intesa Sanpaolo banking group, is required to maintain certain capital adequacy ratios. Debt and equity investors, analysts and other market professionals may, nevertheless, require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase Banca IMI's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its results of operations, financial condition and liquidity. In addition, lower internal credit rating of customers, substantial market volatility, widening credit spreads, changes in the general capital adequacy regulatory framework or regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of underlying assets, or further deterioration of the economic environment, among other things, could result in an increase in Banca IMI's risk weighted assets, which potentially may reduce Banca IMI's capital adequacy ratios. If Banca IMI were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations.

Banca IMI is exposed to risk of changes in tax legislation as well as to increases in tax rates

Banca IMI's activities are subject to tax at various rates. Banca IMI's business, including intra-group transactions, is conducted in accordance with Banca IMI's interpretation of applicable laws, tax treaties, regulations and requirements of the tax authorities in the relevant countries. However, there can be no assurances that its interpretation of applicable laws, tax treaties, regulations, or administrative practice is correct, or that such rules are not changed, possibly with retroactive effect. Legislative changes or decisions by tax authorities may impair the present or previous tax position of Banca IMI.

Banca IMI is exposed to risks associated with a reduction in the support actions for the banking and financial system

The crisis experienced from 2007 by the global financial system, together with the tightening of capital and liquidity requirements under Basel III, has made the adoption of certain support measures for the banking and financial system necessary. Such measures are mainly aimed at ensuring adequate levels of capital and liquidity and to weather the most acute stages of the Euro-zone crisis. These support measures have directly involved both states (by equity injection in banks' capital or by the provision of credit support for bank's medium term funding) and central banks (by refinancing transactions, including long-term transactions, backed by eligible collateral assets, a wider range of securities eligible as collateral for refinancing transactions, a reduction in the refinancing rate, and the purchase of public debt instruments of Euro-zone countries).

There can be no assurance as to the duration of these support actions and how far-reaching their effects might be. A significant reduction in or the failure to take support action by governments and central authorities may lead to a

significant reduction in market liquidity and/or to higher costs, which may have a material adverse effect on Banca IMI's business, financial condition and results of operations.

Banca IMI is exposed to risks related to transactions in financial derivatives

The Issuer is party to a large number of derivative transactions, including credit derivatives with financial and insurance companies, commercial and investment banks, funds and other institutional market participants.

As at 31 December 2013 the Issuer's exposure to financial derivatives was Euro 38.9 billion against overall financial assets for Euro 137.7 billion.

Derivatives transactions expose the Issuer to the risk that the counterparty in derivative contracts defaults on its obligations or becomes insolvent before the relevant contract expires, when amounts are still payable to the Issuer by such party. This risk may arise notwithstanding the presence of collateral should such collateral, as a result of exposure to financial derivatives, be disposed of or liquidated at a value that is not sufficient to cover the exposure to the counterparty. For more information in this respect, see paragraph "Banca IMI's business is exposed to counterparty credit risk" above.

The Issuer is also exposed to possible changes in the value of any financial instruments (including financial derivatives) it may hold, due to fluctuations in interest rates, exchange rates and currencies, the prices of equity markets and commodity markets, credit spreads, counterparty risk, risk of default of the reference entity with regard to derivatives exposure and/or other risks.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all the information contained in the applicable Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how

the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates payable on its Notes.

The interest rate on Fixed Rate Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Fixed Rate Reset Notes and could affect the market value of Fixed Rate Reset Notes

Fixed Rate Reset Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the first Reset Date. On the first Reset Date, however, and on each Reset Date (if any) thereafter, the interest rate will be reset to a different fixed rate of interest per annum (each such interest rate, a **Reset Rate of Interest**). The Reset Rate of Interest for any Reset Period could be less than Initial Rate of Interest or the Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Fixed Rate Reset Notes.

Risks relating to Dual Currency Notes

The Issuer may issue Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, **Dual Currency Notes**) where the interest and/or principal is payable in one or more currencies which may be different from the currency in which the Notes are denominated. An investment in Dual Currency Notes will entail significant risks not associated with a conventional debt security.

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations.

If any FX Market Disruption Event occurs or exists Noteholders should be aware that the Issuer may either direct the Calculation Agent (i) to make such consequential adjustments to the Notes (including any payment obligations or the currency of payment) as it determines and/or (ii) to determine any Reference Exchange Rate or to substitute any affected Reference Exchange Rate with a substitute Reference Exchange Rate.

Fluctuations in exchange rates of the relevant currency will affect the value of Dual Currency Notes. Furthermore, investors who intend to convert gains or losses from the exercise, redemption or sale of Dual Currency Notes into their home currency may be affected by fluctuations in exchange rates between their home currency and the Payment Currency (as defined below) of the Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces.

Notes issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In respect of Notes which are conventional debt securities, the Issuer may be expected to redeem such Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Euro-system Eligibility

The European Central Bank maintains and publishes a list of assets which are recognised as eligible collateral for Eurosystem monetary and intra-day credit operations. In certain circumstances, recognition may impact on (among other things) the liquidity of the relevant assets. Recognition (and inclusion on the list) is at the discretion of the Eurosystem and is dependent upon satisfaction of certain Eurosystem eligibility criteria and rules. If application is made for any Notes to be recognised and added to the list of eligible assets, there can be no assurance that such Notes will be so recognised, or, if they are recognised, that they will continue to be recognised at all times during their life.

Calculation Agent's Discretion and Conflicts of Interest

Under the Terms and Conditions of the Notes, the Calculation Agent may make certain determinations in respect of the Notes, and certain adjustments to the Terms and Conditions of the Notes, which could affect amounts of interest and/or principal payable by the Issuer in respect of the Notes. The Terms and Conditions of the Notes will specify the circumstances in which the Calculation Agent will be able to make such determinations and adjustments. In exercising its right to make such determinations and adjustments the Calculation Agent is entitled to act in its sole and absolute discretion.

Where the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence amounts of interest and/or principal payable by the Issuer in respect of the Notes.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Agent and the Issuer may, without the consent of Noteholders, agree to (i) any modification (subject to certain specific exceptions) of the Notes or the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders or (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law.

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company as principal debtor in relation to any Series of Notes subject to certain conditions precedent being satisfied. In addition, the Issuer shall have the right to change the branch through which it is acting for the purposes of any Series of Notes. Upon any such substitution of Issuer or branch, the Terms and Conditions of the Notes will be amended in all consequential respects.

EU Savings Directive

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

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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 nor any other person would be obliged to pay additional amounts with respect to any Note 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 Directive.

Taxation

Potential purchasers and sellers of Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred and/or any asset(s) are delivered or in other jurisdictions.

In addition, it is not possible to predict whether the taxation regime applicable to Notes on the date of purchase or subscription will be amended during the term of the Notes. If such amendments are made, the taxation regime applicable to the Notes may differ substantially from the taxation regime in existence on the date of purchase or subscription of the Notes.

No Gross Up in respect of Certain Series of Notes

If the applicable Final Terms specify that Condition 7(ii) is applicable, the Issuer is not obliged to gross up any payments in respect of the Notes and shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or

enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

U.S. Foreign Account Tax Compliance Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together the **ICSDs**), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see "*Taxation – U.S. Foreign Account Tax Compliance Act*" below). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Reliance on Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg (see "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Public offers

If Notes are distributed by means of a public offer, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or other entities specified in the Final Terms may have the right to withdraw the offer, which in such circumstances will be deemed null and void according to the terms indicated in the relevant Final Terms.

In this case, investors who have already paid or delivered subscription monies for the relevant Notes will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the Notes.

Furthermore, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or the other entities specified in the Final Terms may have the right to postpone the closing of the offer period and, if so, the Issue Date of the Notes.

In this case, investors who have paid or delivered subscription monies for the relevant Notes prior to the communication of the postponement of the Issue Date will not receive any interest that would have accrued if the Notes had been issued on the original Issue Date.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If an entity is appointed as market maker or liquidity provider in the secondary market in respect of any Notes, this may, in certain circumstances, affect the price of the Notes in the secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency or, if Dual Currency Interest and/or Dual Currency Redemption is specified as being applicable in the Final Terms, the Issuer will pay principal and/or interest on the Notes in a currency different to the Specified Currency (the **Payment Currency**). This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency and/or, as applicable, the Payment Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of

the Specified Currency and/or, as applicable, the Payment Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency and/or, as applicable, the Payment Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The above risks may be increased for currencies of emerging market jurisdictions.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes. Investment in Floating Rate Notes involves the risk that interest rates may vary from time to time, resulting in variable interest payments to Noteholders.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) in accordance with the CRA Regulation is not a conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between the publication of the updated ESMA list and certain supervisory measures being taken against the relevant rating agency. If any credit ratings are assigned to the Notes, certain information with respect to the relevant credit rating agencies and ratings will be disclosed in the Final Terms.

Any decline in the credit ratings of the Issuer may affect the market value of the Notes

The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those on the Notes. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Notes.

Legal risks

Legal investment considerations may restrict certain investments

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in

or holding the Notes. Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Notes.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

No reliance

A prospective purchaser may not rely on the Issuer, the Managers, if any, or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above. None of the Issuer, the Managers, if any, or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Risks relating to holding CREST Depository Interests

CREST Depository Interests are separate legal obligations distinct from the Notes and holders of CREST Depository Interests will be subject to provisions outside the Notes

Holders of CDIs (**CDI Holders**) will hold or have an interest in a separate legal instrument and will not be holders of the Notes in respect of which the CDIs are issued (the **Underlying Notes**). The rights of CDI Holders to the Notes are represented by the relevant entitlements against the CREST Depository (as defined herein) which (through the CREST Nominee (as defined herein)) holds interests in the Notes.

Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll (as defined herein). Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual (as defined herein) and the CREST Rules (as defined herein) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service. Potential investors should note that none of the Issuer, the relevant Manager and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see the section entitled "*Clearing and Settlement*" in this Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer may determine that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a new Prospectus or a supplement to this Base Prospectus will be published which will deserve the effect of the agreement reached in relation to such Notes.

This general description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this general description.

Issuer:	Banca IMI S.p.A.
Description:	Euro Medium Term Note Programme
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ").
Issuing and Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency (the Specified Currency) specified by the Issuer including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian krone, South African rand, Sterling, Swedish kronor, Swiss francs and U.S. dollars (as specified in the applicable Final Terms). If the Notes are specified to be Dual Currency Interest Notes and/or Dual Currency Redemption Notes in the applicable Final Terms, the Issuer will pay principal and/or interest on the Notes in a currency different to the Specified Currency (the Payment Currency).
Maturities:	Such maturities as may be specified by the Issuer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency or, if the Notes are specified to be Dual Currency Redemption Notes in the applicable Final Terms, the Payment Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par as specified in the applicable Final Terms.
Form of Notes:	The Notes will be issued in bearer form, as described in " <i>Form of the Notes</i> ". Notes may be in definitive form, or may initially be represented by one or more global securities deposited with a common depositary or a common safekeeper for Euroclear Bank S.A./N.V. and Clearstream Banking, société

anonyme and/or any other relevant clearing system. Global securities may be exchanged for definitive securities in the limited circumstances described in the relevant global security.

In addition, in certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST (CDIs), CDIs represent interests in the relevant Notes underlying the CDIs; the CDIs are not themselves Notes. See "*Clearing and Settlement*" for more information regarding holding CDIs.

Fixed Rate Notes:

Interest on Fixed Rate Notes will be payable at such rate(s) and on such date or dates as may be specified by the Issuer and on redemption. Interest on Fixed Rate Notes involving broken interest amounts will be calculated on the basis of such Day Count Fraction as may be specified by the Issuer.

Fixed Rate Reset Notes

Fixed Rate Reset Notes will bear interest:

- (i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
- (ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate as may be specified by the Issuer,

payable, in each case, in arrear on the Interest Payment Dates(s) as may be specified by the Issuer.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) as the difference between two rates which may be determined in accordance with either (i) or (ii) above.

The margin (if any) and the rate multiplier (if any) relating to such floating rate will be specified by the Issuer for each Series of Floating Rate Notes.

Change of Interest Basis and Issuer's Switch Option:

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the Notes will bear interest at a combination of rate(s) with different rate(s) being applicable for different periods as specified in the applicable Final Terms. Each such rate will be determined in accordance with the provisions applicable to Fixed Rate Notes, Fixed Rate Reset Notes and/or Floating Rate

Notes.

If Issuer's Switch Option is specified as applicable in the applicable Final Terms, the Issuer may at its option change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Fixed Reset Rate or from Floating Rate to Fixed Rate or Fixed Reset Rate or as otherwise specified in the applicable Final Terms in respect of such period(s) as may be specified by the Issuer, upon prior notification of such change of interest to Noteholders.

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Dual Currency Notes	Notes may be Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, Dual Currency Notes). Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Manager may agree.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be specified by the Issuer.
Denomination of Notes:	Notes will be issued in such denominations as may be specified by the Issuer and indicated in the applicable Final Terms, save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Substitution of the Issuer:	The Issuer is entitled, subject to the Terms and Conditions of the Notes, to substitute any other company as principal debtor in respect of all obligations arising from or in connection with any Series of Notes or to change the branch through which it is acting for the purpose of any Series of Notes. Upon any such substitution of the Issuer or branch, the Terms and Conditions of the Notes will be amended in all consequential respects.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank of Ireland or filed with another competent authority for the purposes of the Prospectus Directive, shall be deemed to be incorporated in, and to form part of, this Base Prospectus. Any information not listed in the cross-reference lists below but included in the document incorporated by reference is given for information purposes only. The documents set out below that are incorporated by reference in this Base Prospectus are direct translations into English from the original Italian language documents. The Issuer takes responsibility for such translations.

- (a) The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2012 (available at <http://www.bancaimi.com/bancaimi/en/chisiamo/bilanci-e-relazioni.html>):

	<i>2012 Company Financial Statements</i>	<i>2012 Consolidated Financial Statements</i>
Balance sheet	Pages 73 - 74	Page 276
Income statement	Page 75	Pages 277 - 278
Changes in shareholders' equity	Pages 77 - 78	Page 279
Statement of cash flows	Pages 79 - 80	Pages 280 - 281
Accounting principles and explanatory notes	Pages 83 - 228	Pages 285 - 382
Auditors' report	Pages 233 - 234	Pages 385 - 386

- (b) The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2013 (available at <http://www.bancaimi.com/bancaimi/en/chisiamo/bilanci-e-relazioni.html>):

	<i>2013 Company Financial Statements</i>	<i>2013 Consolidated Financial Statements</i>
Balance sheet (Statement of financial position)	Pages 70 - 71	Page 274
Income statement	Page 72	Page 275
Changes in shareholders' equity	Page 74	Page 277
Statement of cash flows	Page 76	Page 278
Accounting principles and explanatory notes	Pages 80 - 223	Pages 283 - 373
Auditors' report	Pages 231 - 232	Pages 377 - 378

- (c) The unaudited company financial statements and the unaudited consolidated financial statements of the Issuer as at and for the three months ending 31 March 2014 (available at <http://www.bancaimi.com/bancaimi/en/chisiamo/bilanci-e-relazioni.html>):

	<i>Company Financial Statements as at 31 March 2014</i>	<i>Consolidated Financial Statements as ar 31 March 2014</i>
Balance sheet (Statement of financial position)	Pages 49 - 50	Pages 44-45
Income statement	Page 51	Page 46
Changes in shareholders' equity	Page 53	Page 48

- (d) the Terms and Conditions set out in the base prospectus dated 27 June 2013 relating to the Programme (available at <http://retailhub.bancaimi.com/dms-static/f8660680-5ac3-41c0-8e7d-498bcc3b127f.mgnl:contentNode>):

	<i>Base Prospectus dated 27 June 2013</i>
Terms and Conditions	Pages 68 - 94

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

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agent for the time being in Luxembourg.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus, which supplement will be approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive, or publish a new prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Notes

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note (if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note (if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 8) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of

an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

General

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 8 August 2014 and executed by the Issuer.

Crest Depository Interests

Investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**) through the issuance of dematerialised depository interests (**CREST Depository Interests** or **CDIs**) issued, held, settled and transferred through CREST, representing interests in the relevant Notes in respect of which the CDIs are issued (the **Underlying Notes**). CREST Depository Interests are independent securities distinct from the Notes, constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**). See "*Clearing and Settlement*" for more information regarding holding CDIs.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

PLEASE CAREFULLY READ THE RISK FACTORS IN THE BASE PROSPECTUS

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES AND THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

[Date]

BANCA IMI S.p.A.

(incorporated with limited liability in the Republic of Italy)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the Euro Medium Term Note Programme

Any person making or intending to make an offer to the Notes may only do so [:

- (i) in those Public Offer Jurisdictions mentioned in paragraph 9 of PART B below, provided such person is a Manager or Authorised Offeror (as such term is defined in the Base Prospectus) and that the offer is made during the Offer Period specified in that paragraph and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (ii) otherwise,] in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 8 August 2014 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Paying Agents. The Base Prospectus has been published on the websites of the Irish Stock Exchange (www.ise.ie), the Central Bank of Ireland (<http://www.centralbank.ie>) and the Issuer's website (www.bancaimi.com). In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail.

A summary of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date:

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated [original date] which are incorporated by reference in the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [current date][and the supplement[s] to it dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Paying Agents. The Base Prospectus has been published on the websites of the Irish Stock Exchange (www.ise.ie), the Central Bank of Ireland (<http://www.centralbank.ie>) and the Issuer (www.bancaimi.com).

A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms.]

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[By investing in the Notes each investor represents that:

- (a) *Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (b) *Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*
- (c) *Status of Parties. The Issuer is not acting as a fiduciary for or adviser to it in respect of the investment in the Notes.]*

- 1. Issuer: Banca IMI S.p.A.
- 2. (a) Series Number: []
- (b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]
- (c) Date on which the Notes will be The Notes will be consolidated and form a single Series with

consolidated and form a single Series: *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below, which is expected to occur on or about *[date]*][Not Applicable]

3. Specified Currency: []
4. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (b) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: []
- (b) Interest Commencement Date: [] [*Specify/Issue Date/Not Applicable*]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Type of Notes: [Fixed Rate Notes]
[Fixed Rate Reset Notes]
[Floating Rate Notes]
[Fixed [Reset]][Floating] to [Floating][Fixed[Reset]] Rate
[Switchable] Notes
[Zero Coupon Notes]
[Dual Currency Interest Notes]
[Dual Currency Redemption Notes]
(specify all Note types which apply)
9. Maturity Date: [*Fixed rate - specify date/Floating rate - Interest Payment Date falling in or nearest to [specify month and year]*]

10. Interest Basis: [] per cent. Fixed Rate]
 [] per cent. Fixed Rate from [] to [], then [] per cent. Fixed Rate from [] to []]
 [[] per cent. Fixed Rate until [], then calculated in accordance with paragraph 19 below]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Floating Rate: CMS Rate Linked Interest]
 [Floating Rate: Difference in Rates]
 [Zero Coupon]
 (further particulars specified below)
11. Redemption/Payment Basis: Redemption at par
12. Change of Interest Basis: [Applicable – see [Fixed Rate Note Provisions,] [Fixed Rate Reset Note Provisions,] [Floating Rate Note Provisions] and Change of Interest Basis Provisions]/[Not Applicable]
(Specify the date when any fixed to floating or fixed reset rate change of interest basis occurs or cross refer to paragraphs 17, 18, 19 and 20 below and identify there)
13. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
14. Dual Currency Note Provisions: [Applicable]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Calculation Agent: []
- (ii) Payment Currency: []
- (iii) Successor Currency: [Applicable]/[Not Applicable].
- (iv) Rate Calculation Date: []/[As per Conditions]
- Number of Rate Calculation Business Days: []
- Rate Calculation Business Days: []/[As per Conditions]
- Rate Calculation Business Centre(s): []/[As per Conditions]
- (v) Valuation Time: []/[As per Conditions]
- (vi) EM Currency Provisions: [Applicable]/[Not Applicable]

- (vii) Unscheduled Holiday: [Applicable]/[Not Applicable]
– Maximum Days of Unscheduled Holiday Postponement: []
- (viii) Cumulative Events: [Applicable]/[Not Applicable]
– Maximum Days of Cumulative Postponement: []
- (ix) FX Market Disruption Event(s): Currency Disruption Event: [Applicable]/[Not Applicable]
- (x) Disruption Fallback: [Calculation Agent Determination]
[Currency Reference Dealers]
[EM Fallback Valuation Postponement]
[Maximum Days of EM Fallback Valuation Postponement: []]
[EM Valuation Postponement]
[Maximum Days of EM Valuation Postponement: []]
[Fallback Reference Price *[specify also alternate FX Price Source(s)]*]
[Other Published Sources]
[Postponement]
[Maximum Days of Postponement: []]
(More than one Disruption Fallback may apply and if so must be specified in the order in which they apply)
- (xi) FX Price Source(s): []
- (xii) Number of Reference Dealers: []/[As per Conditions.]
- (xiii) Price Materiality Percentage: []
- (xiv) Specified Financial Centre(s): []
15. Tax Gross-Up: [Condition 7(i) applicable]/[Condition 7(ii) applicable]

(N.B. Only one of Condition 7(i) and 7(ii) should be specified as applicable. If Condition 7(i) is specified as applicable, Condition 5(ii) will be applicable. If Condition 7(ii) is specified as applicable, Condition 5(ii) will not be applicable)
16. Method of distribution: [Syndicated/Non-syndicated/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. Fixed Rate Note Provisions: [Applicable [in respect of the period from [] to [] [subject to the exercise of the Switch Option]]]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

- (i) Rate(s) of Interest: [[] per cent. per annum [in respect of the Interest Period from [] to [], and [] per cent. per annum in respect of the Interest Period from [] to [], in each case] payable [] in arrear] / [specify other in case of different Rates of Interest in respect of different Interest Periods].
- (ii) Interest Payment Date(s): [] in each year up [to and including the Maturity Date]]/[specify other]. The first Interest Payment Date is [].
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount]/[Not Applicable]
(Applicable to Notes in definitive form)
(N.B. Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]/[Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]/[360/360]/[Bond Basis]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]
[Not Applicable]
- (NB: Actual/Actual (ICMA) is normally appropriate (i) for Fixed Rate Notes except for Fixed Rate Notes denominated in U.S. dollars for which 30/360 is normally appropriate, or (ii) where interest is not payable in regular instalments (e.g. if there are Broken Amounts))*
- (vi) Determination Date(s): [] in each year
[Only relevant where Day Count Fraction is Actual/Actual ICMA in which case insert regular Interest Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.]

NB: This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration.]

18. Fixed Rate Reset Note Provisions: [Applicable [in respect of the period from [] to [] [subject to the exercise of the Switch Option]]]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

- (i) Initial Rate of Interest: [] per cent. per annum payable [] in arrear
- (ii) Reset Date(s): []
- (iii) Reset Rate(s): [[] per cent. per annum payable [] in arrear]/[A rate per annum equal to the sum of (a) the Reset Reference Rate and (b) the Reset Margin as determined in accordance with Condition 3(b)]
- (iv) Reset Reference Rate(s): [Mid Swap Rate/Reference Bond]
- (Only relevant where the Reset Rate(s) is a rate per annum equal to the sum of (a) the Reset Reference Rate and (b) the Reset Margin as determined in accordance with Condition 3(b))*
- Reset Rate Screen Page: [[]/Not Applicable] *(Delete if Reference Bond selected or if Reset Rate(s) specified in sub-paragraph (iv) above)*
- Mid Swap Maturity: [[]/Not Applicable] *(Delete if Reset Rate(s) specified in sub-paragraph (iv) above)*
- Reference Bond Issuing State: [[]/Not Applicable] *(Delete if Mid Swap Rate selected or if Specified Currency is not euro)*
- (v) Interest Payment Date(s): [] in each year up [to and including the Maturity Date]/[specify other]. The first Interest Payment Date is [].
- (NB: This will need to be amended in the case of long or short coupons)*
- (vi) Interest Amount(s): [] per Calculation Amount]/[Not Applicable]
- (Applicable to Notes in definitive form)*
- (vii) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (Applicable to Notes in definitive form)*
- (viii) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]/[Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]/[360/360]/[Bond Basis]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]
[Not Applicable]

(NB: Actual/Actual (ICMA) is normally appropriate (i) for Fixed Rate Reset Notes except for Fixed Rate Reset Notes denominated in U.S. dollars for which 30/360 is normally appropriate, or (ii) where interest is not payable in regular instalments (e.g. if there are Broken Amounts))

(ix) Determination Dates: [] in each year

[Only relevant where Day Count Fraction is Actual/Actual ICMA in which case insert regular Interest Payment Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.

NB: This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration.]

(x) Reset Margin(s): []/Not Applicable *(Delete if Reset Rate(s) specified in sub-paragraph (iv) above)*

(xi) Reset Determination Date(s): []/Not Applicable *(Delete if Reset Rate(s) specified in sub-paragraph (iv) above)*

(xii) Reset Rate Time: []/Not Applicable *(Delete if Reset Rate(s) specified in sub-paragraph (iv) above)*

(xiii) Relevant Financial Centre: []/Not Applicable *(Delete if Reset Rate(s) specified in sub-paragraph (iv) above)*

19. Floating Rate Note Provisions: [Applicable [in respect of the period from [] to [] [subject to the exercise of the Switch Option]]]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Specified Period(s)/Specified Interest Payment Date(s): []. The first Specified Interest Payment Date is [].

(ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]

(iii) Additional Business Centre(s): []/[Not Applicable]

(iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/Difference in Rates]

(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []

(vi) Screen Rate Determination: [Applicable]/[Not Applicable]

- Reference Rate(s): [[] month [LIBOR/EURIBOR]]/[CMS Rate]
- Relevant Financial Centre: [London/Brussels/specify other Relevant Financial Centre]
(only relevant for CMS Rate)
- Reference Currency: [] (only relevant for CMS Rate)
- Designated Maturity: [] (only relevant for CMS Rate)
- Specified Time [] in the Relevant Financial Centre (only relevant for CMS Rate)
- Interest Determination Date(s): []

(in the case of LIBOR (other than Sterling or euro LIBOR)):
[Second London business day prior to the start of each Interest Period]

(in the case of Sterling LIBOR): [first day of each Interest Period]

(in the case of euro LIBOR or EURIBOR): [the second day on which the TARGET2 System is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is euro): [second day on which the TARGET2 System is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is other than euro): [second [specify type of day] prior to the start of each Interest Period]
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(In the case of CMS Rate Linked Interest Note, specify relevant screen page and any applicable headings and captions)
- (vii) ISDA Determination: [Applicable]/[Not Applicable]
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)
- (viii) Difference in Rates: [Applicable]/[Not Applicable]

- Rate 1: []
- Manner in which Rate 1 is to be determined: [Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
- Margin(s) applicable to Rate 1: [Not Applicable]/[+/-] [] per cent. per annum]
- Rate Multiplier applicable to Rate 1: [Not Applicable]/[] per cent.]

Sub-paragraphs below to be completed if Rate 1 is a Reference Rate to be determined in accordance with Screen Rate Determination:

- Reference Rate(s): [[] month [LIBOR/EURIBOR]]/[CMS Rate]
- Relevant Financial Centre: [London/Brussels/specify other Relevant Financial Centre] (only relevant for CMS Rate)
- Reference Currency: [] (only relevant for CMS Rate)
- Designated Maturity: [] (only relevant for CMS Rate)
- Specified Time: [] in the Relevant Financial Centre (only relevant for CMS Rate)
[]
- Interest Determination Date(s): (in the case of LIBOR (other than Sterling or euro LIBOR)): [Second London business day prior to the start of each Interest Period]

(in the case of Sterling LIBOR): [first day of each Interest Period]

(in the case of euro LIBOR or EURIBOR): [the second day on which the TARGET2 System is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is euro): [second day on which the TARGET2 System is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is other than euro): [second [specify type of day] prior to the start of each Interest Period]

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(In the case of CMS Rate Linked Interest Note, specify relevant screen page and any applicable headings and captions)

Sub-paragraphs below to be completed if Rate 1 is an ISDA Rate or a CMS Rate to be determined in accordance with ISDA

Determination:

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)
- Rate 2: []
- Manner in which Rate 2 is to be determined: [Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]
- Margin(s) applicable to Rate 2: [Not Applicable]/[+/-] [] per cent. per annum]
- Rate Multiplier applicable to Rate 2: [Not Applicable]/[[] per cent.]

Sub-paragraphs below to be completed if Rate 2 is a Reference Rate to be determined in accordance with Screen Rate

Determination:

- Reference Rate(s): [[] month [LIBOR/EURIBOR]]/[CMS Rate]
- Relevant Financial Centre: [London/Brussels/specify other Relevant Financial Centre]
(only relevant for CMS Rate)
- Reference Currency: [] *(only relevant for CMS Rate)*
- Designated Maturity: [] *(only relevant for CMS Rate)*
- Specified Time: [] in the Relevant Financial Centre *(only relevant for CMS Rate)*

- Interest Determination Date(s): []
- (in the case of LIBOR (other than Sterling or euro LIBOR)):*
[Second London business day prior to the start of each Interest Period]
- (in the case of Sterling LIBOR):* [first day of each Interest Period]
- (in the case of euro LIBOR or EURIBOR):* [the second day on which the TARGET2 System is open prior to the start of each Interest Period]
- (in the case of a CMS Rate where the Reference Currency is euro):* [second day on which the TARGET2 System is open prior to the start of each Interest Period]
- (in the case of a CMS Rate where the Reference Currency is other than euro):* [second [specify type of day] prior to the start of each Interest Period]

- Relevant Screen Page: []
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (In the case of CMS Rate Linked Interest Note, specify relevant screen page and any applicable headings and captions)*

Sub-paragraphs below to be completed if Rate 2 is an ISDA Rate or a CMS Rate to be determined in accordance with ISDA Determination:

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)

- (ix) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (x) Margin(s): [Not Applicable]/[+/-] [] per cent. per annum]
- (xi) Rate Multiplier: [Not Applicable]/[] per cent.]

(xii) Minimum Rate of Interest: [[] per cent. per annum]/[Not Applicable]

(xiii) Maximum Rate of Interest: [[] per cent. per annum]/[Not Applicable]

(xiv) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]/[Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]/[360/360]/[Bond Basis]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]
[Not Applicable]

(NB: Actual/Actual (ICMA) is normally appropriate (i) for Fixed Rate Notes except for Fixed Rate Notes denominated in U.S. dollars for which 30/360 is normally appropriate, or (ii) where interest is not payable in regular instalments (e.g. if there are Broken Amounts))

20. Change of Interest Basis Provisions: [Applicable]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(N.B. To be completed in addition to paragraphs 17, 18 and 19 (as appropriate) if any change of interest basis occurs)

(i) Issuer's Switch Option: [Applicable]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(ii) Switch Option: *[specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]*

(N.B. The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 14 on or prior to the relevant Switch Option Expiry Date)

(iii) Switch Option Expiry Date: []

(iv) Switch Option Effective Date(s): []

21. Zero Coupon Note Provisions: [Applicable]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Accrual Yield: [] per cent. per annum

(ii) Reference Price: []

(iii) Day Count Fraction in relation to [30/360]/[Actual/360]/[Actual/365]

Early Redemption Amounts and late payment:

PROVISIONS RELATING TO REDEMPTION

22. Issuer Call: [Applicable]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount: [[] per Calculation Amount]
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
 - (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
23. Investor Put: [Applicable]/[Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount: [[] per Calculation Amount]
 - (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems [and custodians] as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
24. Final Redemption Amount of each Note [[] per Calculation Amount]
25. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(v)): [[]/per Calculation Amount]
(N.B. for all Notes attention should be given as to how accrued interest should be included in the computation of the Early Redemption Amount (if at all))

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:
- (a) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [CREST Depository Interests (CDIs) representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited (CREST)]
- (N.B. The exchange upon notice should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.)*
- (b) New Global Note: [Yes/No]
27. Additional Financial Centre(s) [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Specified Interest Payment Dates to which sub-paragraph 18(iii) relates)
28. Talons for future Coupons to be attached to definitive Notes (and dates on which such Talons mature): [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and [public offer in the Public Offer Jurisdictions and] admission to trading on [*specify relevant regulated market*] of the Notes described herein pursuant to the Euro Medium Term Note Programme of Banca IMI S.p.A.]

[THIRD PARTY INFORMATION

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Banca IMI S.p.A.:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Not Applicable] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Regulated Market of the Irish Stock Exchange or the order book for retail bonds segment of the regulated market of the London Stock Exchange)*] and, if relevant, listing on an official list] with effect from [].]

[Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading]

- (ii) Estimate of total expenses related to admission to trading: []*

2. RATINGS

[The following provisions are only applicable if credit ratings have been specifically assigned to the Notes]

Ratings: At the date of these Final Terms, the Issuer is rated [*insert details*] by [*insert credit rating agency name(s)*].

[The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]***

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [[*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation, [EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] OR: [although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant non-EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*], although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

[Not Applicable. No ratings have been assigned to the Notes at the request of or with the cooperation of the Issuer in the rating process.]

3. [NOTIFICATION]

The [Central Bank of Ireland] [has been requested to provide/has provided] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[[Save for any fees payable to the Managers,] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests.*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: []

*(See "Use of Proceeds" wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)***

(ii) Estimated net proceeds: []

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)***

(iii) Estimated total expenses: []

*[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses"]***

6. YIELD (*Fixed Rate Notes and Fixed Rate Reset Notes only*)

Indication of yield: []

*[Calculated as [include details of method of calculation in summary form] on the Issue Date.]***

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. HISTORIC INTEREST RATES (*Floating Rate Notes only*)**

Details of historic LIBOR/EURIBOR/CMS rates can be obtained from [Reuters].

8. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

[(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

[The Notes will settle in Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Notes will also be made eligible for CREST via the issue of CDIs representing the Notes]

[(iv) Delivery: Delivery [against/free of] payment

[(v) Names and addresses of additional Paying Agent(s) (if any): []

[(vi)] Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

9. DISTRIBUTION

(i) If syndicated, names [and addresses]** of Managers [and underwriting commitments]**: [Not Applicable/give names [*and addresses and underwriting commitments*] **]

*(Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers and an indication of the material features of the agreements, including, where applicable, the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Also provide an indication of the placing commission)***

(ii) Date of [Subscription] Agreement**: []

(iii) Stabilisation Manager (if any): [Not Applicable/give name [*and address, if not provided under above paragraph*] **]

(iv) If non-syndicated, name [and address]** of relevant Manager, if applicable: [Not Applicable/give name [*and address*] **]

(v) Total commission and concession**: [] per cent, of the Aggregate Nominal Amount**

(vi) US Selling Restrictions: [Reg. S compliance category]; [TEFRA D/TEFRA C/TEFRA not applicable]

(vii) Public Offer: [Applicable]/[Not Applicable]

(If not applicable, delete the remaining placeholders of this paragraph (viii) and also paragraph 10 below)

Public Offer Jurisdictions: [[Republic of Ireland,] [the Republic of Italy,] [France,]
[Germany,] [the United Kingdom,] [Spain,] [the Portuguese
Republic,] [the Czech Republic,] [Hungary,] [the Republic of
Poland,] [the Slovak Republic] [and] [the Republic of Slovenia]]

Offer Period: [*specify date*] until [*specify date or a formula such as "the Issue
Date" or "the date which falls [] Business Days thereafter"*]

Financial intermediaries granted specific consent to us the Base Prospectus in accordance with the Conditions in it: [*insert names and addresses of financial intermediaries receiving consent (specific consent)*]

General Consent: [Not Applicable][Applicable]

Other Authorised Offeror Terms: [Not Applicable][Add here any other Authorised Offeror Terms].

(Authorised Offeror Terms should only be included here where General Consent is applicable.)

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a public offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Public offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified/passported.)

10. TERMS AND CONDITIONS OF THE OFFER**

(Delete whole section if sub-paragraph 9(viii) above is specified to be Not Applicable because there is no Public Offer)

Offer Price: [Issue Price/Not applicable/specify]

Conditions to which the offer is subject: [Not applicable/give details]

The time period, including any possible amendments, during which the offer will be open: See Offer Period specified in paragraph 9 of PART B above.

Description of the application process: [Not applicable/give details]

Details of the minimum and/or maximum amount of application: [Not applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]

Details of the method and time limits for paying up and delivering the Notes: [Not applicable/give details]

Manner in and date on which results of the [Not applicable/give details]

offer are to be made public:

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/*give details*]

Whether tranche(s) have been reserved for certain countries: [Not applicable/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [The Authorised Offerors identified in paragraph 9 of PART B above and identifiable from the Base Prospectus/None/*give details*].

Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment: [*specify*] will be appointed as registered market maker[s] [through ORB (www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bondssearch.html)] when the Notes are issued./None/*give details*]

Notes:

- * **Delete if minimum denomination is less than €100,000 (or its equivalent in the relevant currency as at the date of issue)**
- ** **Delete if minimum denomination is €100,000 (or its equivalent in the relevant currency as at the date of issue)**

APPLICABLE FINAL TERMS - SUMMARY OF THE NOTES

[Insert completed summary for the Notes, unless minimum denomination is equal to or greater than EUR 100,000 (or its equivalent in another currency)]

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes (the **Conditions**), which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and specified by the Issuer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Banca IMI S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 8 August 2014 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch in its capacity as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and complete these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 8 August 2014 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent and the other Paying Agent (such Agents being together referred to as the

Agents). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and the specified offices of the Paying Agents and copies may be obtained during normal business hours at the specified office of each of the Agents save that, if this Note is neither listed on a stock exchange nor admitted to trading on any market, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange, the Final Terms will be published on the website of the Irish Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail. In the case of any inconsistency between the applicable Final Terms and the Conditions, the applicable Final Terms shall prevail.

In these Terms and Conditions:

General Definitions

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

Amortised Face Amount means an amount calculated in accordance with the following formula:

$$RP \times (1 + AY)^y$$

where:

RP means the Reference Price; and

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

Business Day means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (b) either:
 - (i) in relation to any sum payable in a Specified Currency or, as the case may be, Payment Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or, as the case may

be, Payment Currency (which if the Specified Currency or, as the case may be, Payment Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively); or

- (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

Clearstream, Luxembourg means Clearstream Banking, société anonyme.

Day Count Fraction means:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
- (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the relevant Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms.:
- (i) the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30; or

(ii) in the case of Fixed Rate Notes only, if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(g) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

(h) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D₂ will be 30.

Determination Period means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

EURIBOR means the Euro-zone inter-bank offered rate.

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Euroclear means Euroclear Bank S.A./N.V.

Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

LIBOR means the London inter-bank offered rate.

Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

Luxembourg Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Luxembourg.

Payment Day means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either:
 - (i) in relation to any sum payable in a Specified Currency or, as the case may be, Payment Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or, as the case may be,

Payment Currency (which if the Specified Currency or, as the case may be, Payment Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively); or

- (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

Regulation S means Regulation S under the Securities Act.

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

Securities Act means the United States Securities Act of 1933, as amended.

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

TARGET2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

Treaty means the Treaty establishing the European Community, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. For any Note, the applicable Final Terms may specify whether such Note is a Dual Currency Interest Note and/or a Dual Currency Redemption Note (together, **Dual Currency Notes**).

For any Note, the applicable Final Terms will specify whether such Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note may be a non-interest bearing Note, if specified as such in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes or non-interest bearing Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraphs.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. STATUS OF THE NOTES

The Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Fixed Rate Reset Notes, Floating Rate Notes, Zero Coupon Notes or any combination of the foregoing. The applicable Final Terms may also indicate that the Notes are Dual Currency Interest Notes.

Where the Notes are specified to be Fixed Rate Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(a) below.

Where the Notes are specified to be Fixed Rate Reset Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(b) below.

Where the Notes are specified to be Floating Rate Notes, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(c) below.

Where the Notes are specified to be any combination of the foregoing, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(a), Condition 3(b) or Condition 3(c) below, each applicable for the relevant periods specified in the applicable Final Terms.

Where the Notes are specified to be Dual Currency Interest Notes, all payments of interest in respect of the Notes shall be made in a currency (the **Payment Currency**) other than the Specified Currency. The relevant rate of exchange of the Specified Currency into the Payment Currency (such rate of exchange, the **Reference Exchange Rate**) shall be determined in accordance with Condition 6 below.

(i) *Interest on Fixed Rate Notes*

This Condition 3(a) applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 3(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction, the Business Day Convention and any applicable Determination Date. The Rate of Interest may be specified in the applicable Final Terms either (x) as the same Rate of Interest for all Interest Periods or (y) as a different Rate of Interest in respect of one or more Interest Periods.

Each Fixed Rate Note bears interest in respect of each Interest Period at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the relevant Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount, the Specified Denomination and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(ii) *Interest on Fixed Rate Reset Notes*

This Condition 3(b) applies to Fixed Rate Reset Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate reset interest and must be read in conjunction with this Condition 3(b) for full information on the manner in which interest is calculated on Fixed Rate Reset Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Initial Rate of Interest, the Interest Payment Date(s), the Reset Date(s), the Reset Rate, the Reset Reference Rate(s), the Reset Margin(s), the Reset Determination Date(s), the Reset Rate Time, the Reset Rate Screen Page, the Mid Swap Maturity and the Relevant Financial Centre.

Each Fixed Rate Reset Note bears interest:

- (i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
- (ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate, as determined by the Agent on the relevant Reset Determination Date in accordance with this Condition 3(b),

payable, in each case, in arrear on the interest payment dates(s) (specified in the Final Terms) (each an **Interest Payment Date**).

In these Terms and Conditions:

Mid Swap Benchmark Rate means EURIBOR if the Specified Currency is euro or the London Interbank Offered Rate (LIBOR) for the Specified Currency if the Specified Currency is not euro.

Mid Swap Rate means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term of equal to the relevant Reset Period and commencing on the relevant Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Agent).

Reference Bond means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be a state so specified in the applicable Final Terms) selected by the Issuer as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of bank debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period.

Reference Bond Price means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

Reference Government Bond Dealer means each of five banks (selected by the Issuer), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing bank bond issues.

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Agent, of the

bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Agent by such Reference Government Bond Dealer.

Reset Determination Date means for each Reset Period the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applying during such Reset Period will be determined.

Reset Period means the period from (and including) the Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date (or the Maturity Date).

Reset Rate for any Reset Period means either (i) the rate per annum specified in the applicable Final Terms or (ii), in the event (i) above does not apply, a rate per annum equal to the sum of (a) the applicable Reset Reference Rate and (b) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down).

Reset Reference Rate means either:

- (A) if "Mid Swaps" is specified in the Final Terms, the Mid Swap Rate displayed on the Reset Rate Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (B) if "Reference Bond" is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

If the Reset Rate Screen Page is not available, the Agent shall request each of the Reference Banks (as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reset Reference Rate at approximately the Reset Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined by the Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Agent with an offered quotation as provided in the foregoing provisions of this paragraph, the Reset Rate shall be determined by the Agent in good faith on such commercial basis as considered appropriate by the Agent in its absolute discretion, in accordance with standard market practice.

For the purposes of this Condition 3(b) **Reference Banks** means the principal office in the Relevant Financial Centre of four major banks in the swap, money, securities or other market most closely connected with the Reset Reference Rate as selected by the Issuer.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the period ending on (but excluding) such date will amount to the interest amount (the **Interest Amount**). Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Interest Amount or Broken Amount is specified in the applicable Final Terms, the Agent will calculate the Interest Amount payable on the Fixed Rate Reset Notes for the relevant period by applying the Initial Rate of Interest or the applicable Reset Rate (as the case may be) to:

- (A) in the case of Fixed Rate Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Reset Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Reset Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Reset Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Reset Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount, the Specified Denomination and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The Agent will cause the Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Fixed Rate Reset Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b) by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

For the purposes of this Condition 3(b), **Reset Date, Reset Margin, Reset Rate Screen Page and Reset Rate Time** should have the meanings given to those terms in the applicable Final Terms.

(iii) *Interest on Floating Rate Notes*

This Condition 3(c) applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of interest in respect of such Notes and must be read in conjunction with this Condition 3(c) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention and any additional Business Centres. In respect of Floating Rate Notes, the applicable Final Terms will specify whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin (if any), the Rate Multiplier (if any), whether Difference in Rates applies as the manner in which the Rate of Interest is to be determined, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where the Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms;
or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest**

Payment Date) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(iii)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Where the Business Day Convention is specified in the applicable Final Terms as being "Not Applicable", the relevant date shall not be adjusted in accordance with any Business Day Convention.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin, if any, all as determined by the Agent and provided that the Rate of Interest may not be less than zero. For the purposes of this sub paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is as specified in the applicable Final Terms.

For the purposes of this sub paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions and **Margin** and **Rate Multiplier** have the meanings given to those terms in the applicable Final Terms.

(B) *Screen Rate Determination for Floating Rate Notes other than CMS Rate Linked Interest Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question, in each case multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Agent and provided that the Rate of Interest may not be less than zero. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i)(B)(1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, in order to determine the Rate of Interest, the Agent shall request (in the case of a determination of LIBOR) the principal London office of each of four major banks in the London inter-bank market or (in the case of a determination of EURIBOR), the principal Euro-zone office of each of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms, to provide the Agent with its offered quotation (expressed as a percentage per annum) for the Reference Rate at approximately the time specified in the preceding paragraph on the relevant Interest Determination Date, in accordance with the provisions of the Agency Agreement.

For the purposes of this sub-paragraph (B), **Interest Determination Date, Margin, Rate Multiplier, Reference Rate** and **Relevant Screen Page** shall have the meanings given to those terms in the applicable Final Terms.

(C) *Screen Rate Determination for Floating Rate Notes which are CMS Rate Linked Interest Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be the CMS Rate multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Agent and provided that the Rate of Interest may not be less than zero.

If the Relevant Screen Page is not available, the Agent shall request each of the CMS Reference Banks to provide the Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Agent in good faith on such commercial basis as considered appropriate by the Agent in its absolute discretion, in accordance with standard market practice.

For the purposes of this sub-paragraph (C):

CMS Rate shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Agent.

CMS Reference Banks means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Agent.

Designated Maturity, Interest Determination Date(s), Margin, Rate Multiplier, Reference Currency, Relevant Screen Page and Specified Time shall have the meanings given to those terms in the applicable Final Terms.

Relevant Swap Rate means:

- (1) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the ISDA Definitions)) with a

designated maturity determined by the Agent by reference to standard market practice and/or the ISDA Definitions;

- (2) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (3) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (4) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time.

(D) *Difference in Rates*

Where Difference in Rates is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be the Difference in Rates multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Agent and provided that the Rate of Interest may not be less than zero.

For the purposes of this sub-paragraph (D):

Difference in Rates means an amount equal to Rate 2 minus Rate 1, provided that if such amount is less than zero, it shall be deemed to be zero; and

Rate 1 and **Rate 2** shall have the meanings given to those terms in the applicable Final Terms, and each shall be determined in accordance with subparagraph (A), subparagraph (B) or subparagraph (C) above as specified in the applicable Final Terms, as if each of Rate 1 and Rate 2 were an ISDA Rate, a Reference Rate or a CMS Rate, as appropriate.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the

provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(iii) by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

(iv) *Change of Interest Basis*

(i) If **Change of Interest Basis** is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 3(a), Condition 3(b) or Condition 3(c) above, each applicable only for the relevant periods specified in the applicable Final Terms.

(ii) If **Change of Interest Basis** is specified as applicable in the applicable Final Terms, and **Issuer's Switch Option** is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a **Switch Option**), having given notice to the Noteholders in accordance with Condition 13 on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Fixed Reset Rate or from Floating Rate to Fixed Rate or Fixed Reset Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

Switch Option Expiry Date and **Switch Option Effective Date** shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified to the Issuer pursuant to this Condition and in accordance with Condition 13 prior to the relevant Switch Option Expiry Date.

(v) *Accrual of interest*

Each Note will cease to bear interest (if any) from the date for its redemption unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and

- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 14.

4. PAYMENTS

- (i) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

- (ii) *Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7, or (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7)) any law implementing an intergovernmental approach thereto.

- (iii) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (i) above only against presentation and surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(iv) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(v) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(vi) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

(vii) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6;

- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6.

5. REDEMPTION AND PURCHASE - GENERAL PROVISIONS

(i) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note (other than any Note specified to be a Dual Currency Redemption Note in the applicable Final Terms) will be redeemed by the Issuer at its Final Redemption Amount specified in the relevant Specified Currency on the Maturity Date.

Unless previously redeemed or purchased and cancelled as specified below, each Note specified to be a Dual Currency Redemption Note in the applicable Final Terms will be redeemed by the Issuer at its Final Redemption Amount specified in the relevant Payment Currency on the Maturity Date. The relevant Reference Exchange Rate shall be determined in accordance with Condition 6 below.

(ii) *Redemption for tax reasons*

If Condition 7(i) is specified as applicable in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note and/or a Dual Currency Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7(i) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision of, or any authority in, or of, the Republic of Italy having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes or laws; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent: (x) a certificate signed by two Directors of the Issuer stating that the relevant requirement referred to in Condition 5(ii)(i) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it; and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 5(ii) will be redeemed at their Early Redemption Amount referred to in paragraph (v) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If Condition 7(ii) is specified as applicable in the applicable Final Terms, Condition 5(ii) shall not apply to the Notes.

(iii) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified as applicable in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (iii) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(iv) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on

his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 8.

(v) *Early Redemption Amounts*

For the purpose of Condition 5(ii) and Condition 8, each Note will be redeemed at its Early Redemption Amount as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at the Amortised Face Amount.

(vi) *Purchases*

The Issuer or any Subsidiary (as defined in the Agency Agreement) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(vii) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (vi) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(viii) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5(i), (ii), (iii) or (iv) above or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in the definition of Amortised Face Amount as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. DUAL CURRENCY NOTES

(i) *Payments in Payment Currency*

If the Notes are specified to be Dual Currency Interest Notes in the applicable Final Terms, all payments of interest in respect of such Dual Currency Interest Notes shall be made in the Payment Currency.

If the Notes are specified to be Dual Currency Redemption Notes in the applicable Final Terms, all amounts payable in respect of such Dual Currency Redemption Notes upon redemption of such Dual Currency Redemption Notes pursuant to Conditions 5(i), (ii), (iii), (iv) or (v) above or upon their becoming due and repayable as provided in Condition 7 shall be made in the Payment Currency.

The Calculation Agent will determine the amount to be paid in the Payment Currency by applying the Reference Exchange Rate to the amount that would have been payable in the Specified Currency were it not for this Condition 6(i).

Such payment shall be made on the date such payment would otherwise be payable, provided that, if the Rate Calculation Date is postponed in accordance with the provisions below, such payment shall be made the Number of Rate Calculation Business Days after the Rate Calculation Date (as so postponed). No additional interest shall be payable in respect of any such delay.

For the avoidance of doubt, Condition 4(vi) (*Payment Day*) shall apply to such payment.

(ii) *Definitions*

Cumulative Postponement Longstop Date means, in respect of any postponement by a number of days equal to the Maximum Days of Cumulative Postponement, the last day of such postponement.

Disruption Fallback means, in respect of the Reference Exchange Rate, Calculation Agent Determination, Currency Reference Dealers, EM Fallback Valuation Postponement, EM Valuation Postponement, Fallback Reference Price, Other Published Sources and Postponement. The applicable Disruption Fallback in respect of the Reference Exchange Rate shall be as specified in the applicable Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Exchange Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply.

EM Fallback Valuation Longstop Date means, in respect of any postponement by a number of days equal to the Maximum Days of EM Valuation Fallback Postponement, the last day of such postponement.

EM Valuation Longstop Date means, in respect of any postponement by a number of days equal to the Maximum Days of EM Valuation Postponement, the last day of such postponement.

FX Business Day means, in relation to the Reference Exchange Rate, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of a FX Market Disruption Event would have settled payments and been open for general business in each of the Specified Financial Centres for the Reference Exchange Rate specified in the applicable Final Terms.

FX Disrupted Day means any day on which an FX Market Disruption Event occurs.

FX Price Source(s) means the price source(s) specified in the applicable Final Terms for the Reference Exchange Rate or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

Maximum Days of Cumulative Postponement means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

Maximum Days of EM Fallback Valuation Postponement means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

Maximum Days of EM Valuation Postponement means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

Maximum Days of Postponement means the number of calendar days (or other type of days) specified as such in the applicable Final Terms.

Maximum Days of Unscheduled Holiday Postponement means the number of calendar days (or other type of days) specified as such in the applicable Final Terms.

Number of Rate Calculation Business Days means the number of Rate Calculation Business Days specified as such in the applicable Final Terms;

Rate Calculation Business Centre(s) means each business centre that is relevant for determining whether a day is a Rate Calculation Business Day, as specified in the applicable Final Terms, provided that if no business centre is specified in the applicable Final Terms, the Rate Calculation Business Centre(s) shall be the Specified Financial Centres for the relevant currencies.

Rate Calculation Business Day means, unless otherwise specified in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Rate Calculation Business Centre(s).

Rate Calculation Date means, in respect of any Interest Payment Date or the Maturity Date or other date in which an Early Redemption Amount or Optional Redemption Amount or other amount is due, the day specified as such in the applicable Final Terms or, if no day is specified as such, the day falling the Number of Rate Calculation Business Days prior to such Interest Payment Date, Maturity Date or other date (as the case may be), provided that if any such day is an Unscheduled Holiday (if applicable) or an FX Disrupted Day, the Rate Calculation Date shall be determined in accordance with Condition 6(iv) (*FX Market Disruption Event Adjustment Provisions*) and Condition 6(v) (*EM Currency Provisions*) below;

Reference Dealers means, in respect of the relevant exchange market, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent (or any other number of dealers as specified in the applicable Final Terms).

Reference Exchange Rate means the spot rate of exchange of the Specified Currency into the Payment Currency (expressed as the number of units (or part units) of the Payment Currency for which one unit of the Specified Currency can be exchanged) appearing on the FX Price Source at the Valuation Time on the Rate Calculation Date.

Specified Financial Centres means the financial centre(s) specified in the applicable Final Terms.

Unscheduled Holiday means a day that is not an FX Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9.00 a.m., local time in the relevant Specified Financial Centre two FX Business Days prior to such day.

Valuation Time means time specified as such in the applicable Final Terms or, if no time is specified as such, the time selected by the Calculation Agent.

(iii) *FX Market Disruption Events*

FX Market Disruption Event means in relation to the Reference Exchange Rate:

- (a) the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if Currency Disruption Event is specified as applicable in the applicable Final Terms, any Currency Disruption Event; and
- (b) if the applicable Final Terms provides that the EM Currency Provisions shall apply, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any Price Materiality Event and/or, if Currency Disruption Event is specified as applicable in the Final Terms, any Currency Disruption Event.

For which purpose:

Currency Disruption Event means any of Inconvertibility, Non-Transferability and Dual Exchange Rate, each such term as defined below.

Dual Exchange Rate, being the occurrence of an event that splits any currency exchange rate specified for the Reference Exchange Rate into dual or multiple currency exchange rates;

FX Price Source Disruption means (i) it becomes impossible or otherwise impracticable to obtain and/or execute the Reference Exchange Rate on the Rate Calculation Date or other relevant date or, if different, the day on which rates for that Rate Calculation Date would in the ordinary course be published or announced by the relevant FX Price Source and/or (ii) there is a failure by the relevant FX Price Source to publish any relevant price or rate;

FX Trading Suspension or Limitation means the suspension of and/or limitation of trading in the rate(s) required to calculate the Reference Exchange Rate (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent;

Inconvertibility means the occurrence of any event that, from a legal or practical perspective, makes it or is likely to make it impossible and/or not reasonably practicable for the Issuer to convert one relevant currency into another through customary legal channels (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriations of one currency into another currency);

Non-Transferability means, as determined by the Calculation Agent in its sole and absolute discretion, the occurrence of any event in or affecting any relevant jurisdiction that makes it or is likely to make it impossible and/or not reasonably practicable for the issuer to deliver any relevant currency into a relevant account;

Price Materiality Event means, in respect of the Reference Exchange Rate and the Rate Calculation Date that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such day).

Price Materiality Percentage means the percentage specified as such in the applicable Final Terms.

(iv) *FX Market Disruption Event Adjustment Provisions*

(a) *Consequences of FX Disrupted Days*

Without prejudice to the provisions of Condition 6(ii) and 6(iii) above, if the Calculation Agent determines that any Rate Calculation Date is an FX Disrupted Day, the Issuer may, in its sole and

absolute discretion, direct the Calculation Agent to determine the Reference Exchange Rate in respect of such Rate Calculation Date in accordance with the terms of the applicable Disruption Fallback(s). The applicable Final Terms may provide that one or more Disruption Fallbacks may apply, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Exchange Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply.

If “Unscheduled Holiday” is specified as being applicable in the applicable Final Terms, the references to “Rate Calculation Date” in the paragraph immediately above shall be deemed to mean the Rate Calculation Date as postponed in accordance with Condition 6(v)(a) (*Unscheduled Holiday*) below.

(b) *Disruption Fallbacks*

(A) Calculation Agent Determination

Calculation Agent Determination means, in respect of a Reference Exchange Rate that is affected by the occurrence of an FX Disrupted Day and any relevant day, that such Reference Exchange Rate for such relevant day (or a method for determining such Reference Exchange Rate) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant;

(B) Currency Reference Dealers

Currency Reference Dealers means, in respect of a Reference Exchange Rate that is affected by the occurrence of an FX Disrupted Day and any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate at which it will buy one unit of the Specified Currency in units of the Payment Currency at the applicable Valuation Time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable Valuation Time on such relevant day.

(C) Fallback Reference Price

Fallback Reference Price means, in respect of a Reference Exchange Rate that is affected by an FX Disrupted Day, that the Calculation Agent will determine the Reference Exchange Rate in respect of such FX Disrupted Day pursuant to the alternate FX Price Source(s) specified as Fallback Reference Price(s) in the applicable Final Terms, applied in the order specified in the applicable Final Terms until a rate has been determined or all Fallback Reference Price(s) have been used.

(D) Other Published Sources

Other Published Sources means, in respect of a Reference Exchange Rate that is affected by an FX Disrupted Day, that the Calculation Agent will determine such Reference Exchange Rate on such FX Disrupted Day on the basis of the exchange rate for one unit of the Specified Currency in terms of the Payment Currency published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

(E) Postponement

Postponement means, in respect of a Rate Calculation Date, if such day (or, if applicable, if the original date on which such Rate Calculation Date is scheduled to fall is postponed on account of such original day not being a FX Business Day, such postponed day) is an FX Disrupted Day, then such Rate Calculation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Rate Calculation Date is an FX Disrupted Day. In that case (i) the last consecutive FX Business Day shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply.

(v) *EM Currency Provisions*

(a) *Unscheduled Holiday*

If “Unscheduled Holiday” is specified to be applicable in the applicable Final Terms in respect of the Reference Exchange Rate, if the Calculation Agent determines that a Rate Calculation Date is an Unscheduled Holiday in respect of the Reference Exchange Rate, then the Rate Calculation Date in respect of such Reference Exchange Rate shall be the first succeeding FX Business Day which is not an Unscheduled Holiday, unless the Calculation Agent determines that such first FX Business Day has not occurred on or before the date falling the Maximum Days of Unscheduled Holiday Postponement immediately following such Rate Calculation Date. In that case, the next day after that period that would be an FX Business Day but for an Unscheduled Holiday shall be deemed to be the Rate Calculation Date (such date, the **Adjusted Rate Calculation Date**).

(b) *Additional Disruption Fallbacks*

In addition to the Disruption Fallbacks set out in Condition 6(iv)(b) (*FX Market Disruption Event Adjustment Provisions – Disruption Fallbacks*) above, the applicable Final Terms may also specify any of the following additional Disruption Fallbacks to apply in respect of a Reference Exchange Rate:

(A) EM Valuation Postponement

EM Valuation Postponement means, in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), that if the Calculation Agent determines that any Rate Calculation Date is an FX Disrupted Day in respect of such Reference Exchange Rate, then the Rate Calculation Date shall be the first FX Business Day which is not an FX Disrupted Day, unless the Calculation Agent determines that no such FX Business Day has occurred on or before the Maximum Days of EM Valuation Postponement immediately following such Rate Calculation Date. In that case, the next FX Business Day after the EM Valuation Longstop Date shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and the next Disruption Fallback specified in the applicable Final Terms in respect of such Reference Exchange Rate shall apply.

(B) EM Fallback Valuation Postponement

EM Fallback Valuation Postponement means, in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), that if the Calculation Agent determines that the Reference Exchange Rate

(as determined by reference to the applicable Fallback Reference Price) is not available on (a) the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement (where an FX Market Disruption Event has occurred or exists in respect of the Reference Exchange Rate throughout the Maximum Days of EM Valuation Postponement) or (b) the Adjusted Rate Calculation Date (as defined in Condition 6(v)(a) above), then the Rate Calculation Date shall be the first succeeding FX Business Day which is not an FX Disrupted Day, unless the Calculation Agent determines that no such FX Business Day has occurred on or before the Maximum Days of EM Fallback Valuation Postponement immediately following such first FX Business Day following the end of the Maximum Days of EM Valuation Postponement or the Adjusted Rate Calculation Date, as the case may be. In that case, the next FX Business Day after the EM Fallback Valuation Longstop Date shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and the next Disruption Fallback specified in the applicable Final Terms in respect of such Reference Exchange Rate shall apply.

(c) *Cumulative Events*

If **Cumulative Events** is specified to be applicable in the applicable Final Terms in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), then the total number of consecutive calendar days during which such Rate Calculation Date is deferred due to (i) an Unscheduled Holiday, (ii) an EM Valuation Postponement or (iii) an EM Fallback Valuation Postponement (or any combination of (i), (ii) and (iii)), shall not exceed the Maximum Days of Cumulative Postponement in the aggregate.

Accordingly, if by the operation of the paragraph immediately above, a Rate Calculation Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement, then such Rate Calculation Date shall be the Cumulative Longstop Date. If such Cumulative Postponement Longstop Date is an FX Disrupted Day or an Unscheduled Holiday, then the Calculation Agent shall determine the Reference Exchange Rate in respect of such Cumulative Postponement Longstop Date in accordance with the next applicable Disruption Fallback.

(vi) *Correction To Published And Displayed Rates*

In any case where the Reference Exchange Rate is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Reference Exchange Rate will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

(vii) *Successor Currency*

Where the applicable Final Terms specifies that "Successor Currency" is applicable in respect of the Reference Exchange Rate, then:

- (a) each Specified Currency and Payment Currency will be deemed to include any lawful successor currency to the Specified Currency or Payment Currency (the **Successor Currency**);
- (b) if the Calculation Agent determines that on or after the Issue Date but on or before any relevant date on which an amount may be payable in respect of Dual Currency Notes, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the **Original Currency**) for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be

calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);

- (c) notwithstanding paragraph (b) above but subject to paragraph (d) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in its sole and absolute discretion, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities to account for such elimination, conversion, redenomination or exchange of the Specified Currency or Payment Currency, as the case may be; and
- (d) notwithstanding the foregoing provisions, with respect to any Specified Currency or Payment Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

7. TAXATION

(i) *Gross-Up*

If Condition 7(i) is specified as applicable in the applicable Final Terms, principal and interest shall be payable to the holders of the Notes or Coupons by the Issuer without withholding or deduction for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in the Republic of Italy or by or on behalf of any political subdivision or any authority therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the holders of the Notes or Coupons after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as amended or supplemented from time to time) or any related implementing regulations and in all circumstances in which the procedures set forth in Legislative Decree No. 239 of April 1, 1996 in order to benefit from a tax exemption have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (ii) (A) presented for payment by, or on behalf of, a holder who is liable for such withholding or deduction in respect of such Note or Coupon by reason of his having some connection with the Republic of Italy other than the mere holding of such Note; or
- (B) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (C) presented for payment more than 30 days after the Relevant Date (as defined in the General Definitions) except to the extent that the holder of such Notes or Coupons would have been entitled to such additional amounts on presenting such Notes or Coupons for payment on such thirtieth day (assuming such day to have been a Payment Day as defined in the General Definitions); or

- (D) presented for payment in Italy; or
- (E) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (F) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (G) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with Italy.

(ii) *No Gross-Up*

If Condition 7(ii) is specified as applicable in the applicable Final Terms, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

8. EVENTS OF DEFAULT

Any Noteholder may give notice to the Issuer in accordance with Condition 14 that any Note held by such Noteholder is, and shall accordingly immediately become, due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of repayment if any of the following events (an **Event of Default**) occurs and is subsisting:

- (i) *Non-payment*: the Issuer fails to pay principal or interest in respect of the Notes or any of them within 30 days of the relevant due date; or
- (ii) *Breach of other obligations*: the Issuer fails to perform any other obligation arising under the Notes and such failure continues for more than 60 days after the Issuer has received notice thereof from Noteholders of a least one-quarter in principal amount of the Notes of the relevant Series demanding redemption; or
- (iii) *Suspension of payments*: the Issuer suspends its payments generally; or
- (iv) *Bankruptcy etc*: a court in the jurisdiction of incorporation of the Issuer institutes bankruptcy or composition proceedings to avert bankruptcy or similar proceedings against the assets of the Issuer, or the Issuer applies for the institution of such proceedings concerning its assets.

9. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in the General Definitions) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(ii) or any Talon which would be void pursuant to Condition 4(ii).

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. SUBSTITUTION OF THE ISSUER

(i) *Substitution of Issuer*

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company (the **Substitute**) as principal debtor in respect of all obligations arising from or in connection with the Notes provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Notes and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Notes shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Notes are listed shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 14.

(ii) *Modification of Terms and Conditions as a result of Substitution of Issuer*

After any substitution or change of branch pursuant to Condition 11(i) above, the Terms and Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the Terms and Conditions where applicable, by references to the country of incorporation, domicile and/or residence for tax purposes of the Substitute or the new branch, as the case may be. Such modifications shall be notified to Noteholders in accordance with Condition 14.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (i) there will at all times be an Agent;
- (ii) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (iii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (iv) there will at all times be a Paying Agent in a jurisdiction within Europe other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 4(v). Notice of any variation, termination, appointment or change will be given to the Noteholders promptly in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

- (i) All notices regarding the Notes will be deemed to be validly given (i) if published in a leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Irish Stock Exchange and the rules and regulations of such exchange so require, if an announcement is released by the Issuer through the companies announcement office of the Irish Stock Exchange. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given (i) if published in a leading English language daily newspaper of general circulation in London, on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers, and (ii) if released by the Issuer through the companies announcement office of the Irish Stock Exchange, on the date of release by the Irish Stock Exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

- (ii) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or upon the request in writing of Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any

meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be two or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount, issue date, issue price and/or date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(i) Governing law

The Notes and the Coupons (and any non-contractual obligations arising out of or in connection with the Notes and the Coupons) are governed by, and shall be construed in accordance with, English law.

(ii) Submission to jurisdiction

- (i) Subject to Condition 17(b)(iii) below, the courts of England have jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the jurisdiction of the English courts.
- (ii) For the purposes of this Condition 17(b), the Issuer hereby waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (iii) To the extent allowed by law, the Noteholders and Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, (ii) concurrent proceedings in any number of jurisdictions.

The Issuer hereby appoints Banca IMI S.p.A., London Branch at its office for the time being in London, as its agent for service of process, and undertakes that, in the event of Banca IMI S.p.A., London Branch ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

- (iii) *Other documents*

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. A substantial portion of the proceeds from the issue of certain Notes may be used to hedge market risk with respect to such Notes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

History of the Issuer

The Issuer is a banking institution established under Italian law. It is the result of a number of reorganisations, which have resulted in:

- (i) the merger of the securities companies which operated under the names of Caboto Sim – Società di Intermediazione Mobiliare S.p.A. and Caboto Società di Intermediazione Mobiliare S.p.A. within the former Banca Intesa banking group into Banca Primavera S.p.A., a bank duly authorised by the Bank of Italy, which then changed its corporate name into Banca Caboto S.p.A., effective from 1 January 2004. Banca Caboto S.p.A. was then as resulting entity the investment bank of the former Banca Intesa banking group; and
- (ii) the merger of Banca d'Intermediazione Mobiliare IMI S.p.A., the investment bank of the former Sanpaolo IMI banking group, into Banca Caboto S.p.A., which then changed its corporate name into Banca IMI S.p.A., effective from 1 October 2007.

The merger by incorporation referred to at paragraph (ii) above was part of a broader rationalisation of the business and companies belonging to the former Banca Intesa and Sanpaolo IMI banking groups upon merger of the two banking group in the Intesa Sanpaolo banking group effective 1 January 2007.

The Intesa Sanpaolo Group is the result of the merger effective 1 January 2007 of Sanpaolo IMI S.p.A. with Banca Intesa S.p.A. The former Banca Intesa banking group, prior to the merger, was also the result of a series of mergers, having been brought into existence in 1998 by the merger of Cariplo and Ambroveneto, followed in 1999 by the public exchange offer for 70 per cent. of Banca Commerciale Italiana, which was merged by incorporation in 2001. The former Sanpaolo IMI group was the result of the merger of Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano in 1998, and of the subsequent integration of Banco di Napoli, in 2000 and of Gruppo Cardine, in 2002.

On 29 July 2009 Banca IMI S.p.A.'s extraordinary shareholders' meeting resolved in favour of a capital increase of Euro 750 million, including any premium price, which capital increase was subscribed by the sole shareholder Intesa Sanpaolo S.p.a. by contributing the *Investment Banking* business division to Banca IMI, thereby completing the integration of Banca Caboto and Banca IMI.

Legal and Commercial Name of the Issuer

The legal and commercial name of the Issuer is Banca IMI S.p.A., or in short form IMI S.p.A.

Place of Registration and Registration Number of the Issuer

The Issuer is registered with the Companies' Register of Milan under No. 04377700150. The Issuer is also registered with the Register of Banks held by the Bank of Italy under No. 5570 and is part of the Intesa Sanpaolo Banking Group, which is registered with the Register of Banking Groups (*Albo dei Gruppi Bancari*) and a member of the Interbank Deposit Protection Fund (*Fondo Interbancario di Tutela dei Depositi*).

Date of Establishment and Duration of the Issuer

The Issuer was established on 29 March 1979 by a notarial deed of the Notary public Landoaldo de Mojana. The duration of the Issuer is until 31 December 2100 and may be extended by an extraordinary resolution of the shareholders' meeting, passed with the quorum provided for by law.

Legal Status, Registered office and Share Capital of the Issuer

The Issuer is an Italian bank established as a company limited by shares (*società per azioni*). The Issuer is incorporated and carries out its business under Italian law. The Courts of Milan have jurisdiction in respect of any disputes. The

Issuer, both as a bank and as a member of the Intesa Sanpaolo banking group, is subject to the Bank of Italy's prudential supervision. The Issuer is a company belonging to the Intesa Sanpaolo Group, of which Intesa Sanpaolo S.p.A. is the parent company, and is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A. in accordance with Italian banking and companies regulations, including in relation to measures in place to ensure the management and coordination of the Issuer by Intesa Sanpaolo S.p.A. is not abused. The Issuer is a fully owned direct subsidiary of Intesa Sanpaolo S.p.A.

The registered and administrative office of the Issuer is in Largo Mattioli, 3 20121 Milan, with telephone number +39 02 72611. The Issuer has offices in Rome and a branch in London, at 90 Queen Street, London EC4N 1SA, United Kingdom.

At 31 December 2013, the Issuer's issued and paid-up share capital amounted to €962,464,000, divided into 962,464,000 ordinary shares. The shares are in registered form and each share entitles to one vote. Intesa Sanpaolo S.p.A. holds directly 100 per cent. of the fully subscribed and paid up share capital of the Issuer.

Independent Auditors

The Issuer's shareholders' general meeting held on 20 December 2011 resolved to appoint KPMG S.p.A., with registered office at Via V. Pisani, 25, 20121 Milan, as independent auditors of the Issuer for the annual and half-yearly non-consolidated and consolidated financial statements of the Issuer for each financial year in the nine year period 2012-2020.

KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2012 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2012 were issued without qualification or reservation.

KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2013 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2013 were issued without qualification or reservation.

OVERVIEW OF ACTIVITIES

Description of the Issuer's main activities activities

The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies.

The Issuer's business is divided into four business divisions: *Capital Markets*, *Finance & Investments*, *Investment Banking* and *Structured Finance*.

The *Capital Markets* division operates as market maker for government bonds and leading Italian and European debt instruments and listed derivatives; it offers to clients the full range of trading and brokerage services in derivatives and cash instruments, specialised consultancy services for companies, banks and financial institutions in relation to the management of financial risks, assistance to banks and financial institutions in relation to the structuring of investment products targeted to retail customers, equity financing securities lending and prime brokerage services and financial products placement.

The *Finance & Investments* division operates funding and treasury activities, as well as investment and proprietary portfolio management activities.

The *Investment Banking* division provides placing and arranging services for equity, debt instruments and hybrid instruments as well as consultancy and advisory services in respect of merger, acquisition, divestment and restructuring transactions.

The *Structured Finance* division provides to corporate borrowers leveraged and acquisition finance lending services, project finance lending (both in the domestic and in the international market), tailor-made structured finance, special financing services, market risk management through syndication, market placement of syndicated transactions, real estate financial advisory and real estate structured financings.

The Issuer is mainly active in the Italian financial market and, to a lesser extent, in other European Union and U.S. markets.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Board of Directors

The Issuer's Board of Directors is composed, pursuant to the by-laws of the Issuer, of a minimum of seven and a maximum of eleven members appointed by the shareholders of Banca IMI S.p.A.

The current Board of Directors of Banca IMI S.p.A. is composed of eleven members.

The following table specifies the name, position and the main activities carried out outside the Issuer (if relevant with regard to the Issuer) of the members of the Board of Directors:

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Fabio Roversi Monaco Chairman	<ul style="list-style-type: none"> – Chairman of IMI Investimenti S.p.A. – Chairman of Mandarin Capital Management SGR – Chairman of Telecom Italia Media
Giangiacomo Nardozzi Tonielli Deputy Chairman	<ul style="list-style-type: none"> – Professor of Economics at the Politecnico of Milan
Gaetano Miccichè Managing Director and Chief Executive Officer	<ul style="list-style-type: none"> – General Manager of Intesa Sanpaolo S.p.A. – Member of the Board of Directors of Prada S.p.A. – Member of the Board of Directors of Telecom Italia S.p.A. – Member of the Board of Directors of Alitalia – Compagnia Aerea Italiana S.p.A. – Member of the Board of Directors of Pirelli S.p.A.
Massimo Mattera Board Member	<ul style="list-style-type: none"> – Member of the Board of Directors of Cassa di Risparmio di Civitavecchia – Member of the Board of

Vincenzo De Stasio Board Member	–	Directors of Cassa di Risparmio della Provincia di Viterbo
	–	Professor at the University, Faculty of Law of Bergamo
Luigi Arturo Bianchi Board Member	–	Professor of Company Law at the Bocconi University, Milan
Aureliano Benedetti Board Member	–	
Paolo Grandi Board Member	–	Chairman of Banca Prossima S.p.A.
	–	Member of the Board of Directors of Cassa di Risparmio di Firenze S.p.A.
	–	Member of the Board of Directors of Intesa Sanpaolo Vita S.p.A.
	–	Member of the Board of Directors of Eurizon Capital SGR
	–	Member of the Board of Directors of SIA S.p.A.
	–	Chairman of Intesa Sanpaolo Holding International SA Luxembourg.
Fabio Buttignon Board Member	–	Member of the Board of Directors of Valentino Fashion Group S.p.A.
	–	Member of the Board of Directors of Autostrade Brescia Verona Vicenza Padova
	–	Member of the Board of Directors of Serenissima Partecipazioni S.p.A.
	–	Member of the Board of Directors of A4 Holding S.p.A.
	–	Professor at the University, Marco Fanno, Padova

Stefano del Punta Board Member	–	Member of the Board of Directors of MTS S.p.A.
	–	Member of the Board of Directors of F.I.T.D. - FONDO INTERBANCARIO DI TUTELA DEI DEPOSITI
Francesco Papadia Board Member	–	Chairman of Prime Collateralised Securities (PCS) UK Limited

The Board of Directors was appointed by the shareholders' meeting held on 17 April 2013 except for members of the Board of Directors Stefano del Punta and Francesco Papadia, both co-opted on 23 January 2014 (appointment confirmed by the shareholders' meeting held on 29 April 2014) to replace the resigning members Giuliano Asperti and Carlo Messina, who remained in office, respectively, until 1 October 2013 and 13 December 2013. The current Board of Directors will expire upon approval of the financial statements as at 31 December 2015.

For the purposes of their positions at Banca IMI S.p.A., the members of the Board of Directors set out above are domiciled at the offices of Banca IMI, in Milan.

No Executive Committee has been appointed.

Managing Director and Chief Executive Officer

Gaetano Miccichè, born in Palermo on 12 October 1950, has held the position of Managing Director and Chief Executive Officer of the Issuer since 23 April 2013 and will do so until the end of his term of office (approval of the financial statements as at 31 December 2015).

General Manager

Mauro Micillo, born in Desenzano del Garda on 19 January 1970, has held the position of General Manager of the Issuer since 1 January 2014.

Board of Statutory Auditors

The Board of Statutory Auditors of Banca IMI S.p.A. is composed, pursuant to the by-laws of the Issuer, of three standing statutory auditors and two alternate statutory auditors.

The current Board of Statutory Auditors of Banca IMI S.p.A. was appointed by the shareholders' meeting held on 17 April 2013 and is composed of three standing statutory auditors and two alternate statutory auditors.

The current Board of Statutory Auditors will expire upon approval of the financial statements as at 31 December 2015.

The following table specifies the name, position and the main activities carried out outside the Issuer (if relevant with regard to the Issuer) of the members of the Board of Statutory Auditors:

NAME AND POSITION		MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Gianluca Ponzellini Chairman	–	Member of the Supervisory Board of parent company Intesa Sanpaolo S.p.A.
	–	Chairman of the Board of Statutory Auditors of De'

		Longhi S.p.A.
	–	Standing Auditor of G.S. S.p.A.
	–	Standing Auditor of Telecom Italia S.p.A.
Stefania Mancino	–	Standing Auditor of Italgas S.p.A.
Standing statutory auditor		
Riccardo Rota	–	Standing Auditor of IMI Investimenti S.p.A.
Standing statutory auditor	–	Standing Auditor of Martini & Rossi S.p.A.
	–	Chairman of the Board of Statutory Auditors of certain Companies in the Fiat Group
Carlo Bertola	–	Standing Auditor of Angelo Moratti S.p.A.
Alternate statutory auditor	–	Standing Auditor of Fratelli Fontana S.p.A.
Alessandro Cotto	–	Standing Auditor of Intesa Sanpaolo Vita S.p.A.
Alternate statutory auditor	–	Standing Auditor of IN.FRA S.p.A.

For the purposes of their positions at Banca IMI S.p.A. the members of the Board of Statutory Auditors set out above are domiciled at the offices of Banca IMI S.p.A., in Milan.

Conflicts of interest of members of the Board of Directors and the Board of Statutory Auditors

As at the date of publication of this Base Prospectus, based on the duties of disclosure of directors and statutory auditors pursuant to article 2391 of the Italian civil code and article 136 of Legislative Decree no. 385/1993, the Issuer is not aware of any potential conflicts of interest between the obligations of the member of the board of directors to the Issuer and their private obligations and/or interests.

LEGAL AND ARBITRATION PROCEEDINGS

Banca IMI operates in a legal and regulatory environment that exposes it to potentially significant litigation and other risk. As a result, Banca IMI is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, including the impact on the operations or financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expenses and distraction of legal proceedings, Banca IMI may, based on a cost benefit analysis, enter into a settlement even though Banca IMI denies any wrongdoing. The administrative, legal or arbitration proceedings that may have or that have recently had a material effect on the Issuer's financial condition or profitability are described below.

As of 31 December 2012 provisions for risks and charges are in the amount of approximately €23,600,000.

Tax Litigation

The Italian Inland Revenue has brought certain challenges in respect of former Banca d'Intermediazione Mobiliare IMI for the tax year from 2003 to 2006, and in respect of former Banca Caboto for the tax years 2004 to 2006.

At the date of this Base Prospectus, tax assessment notices received for the years 2003–2006 demanded a total of approximately 66 million euro in taxes, fines and interest. Litigation primarily concerns equity trading and other matters connected with typical capital market and investment banking transactions and, to a much lesser degree, corporate governance. The Issuer has appealed against the tax assessments, challenging findings that are groundless or based on disputed interpretations of tax law, or which in some cases conflict with the letter of the relevant laws. At the date of this Base Prospectus, no final ruling had been handed down on any of the disputed tax years.

Recently, tax audits were conducted by the Italian Tax Police (*Guardia di Finanza*) for tax years 2008, 2009 and 2010. In general terms, the audits addressed matters taken up with many other Italian banks and which have become rather run of the mill in certain operating segments. Specifically, the matters concerned accusations of “abuse of process” over alleged links between futures and cash instruments tied to listed equities. For the years under examination up to the end of 2012, the audit investigated the application of substitute tax to a very small number of medium and long-term corporate loans.

In addition, the Italian Inland Revenue conducted checks, involving questionnaires, on charges incurred in relation to entities domiciled in black-listed countries and reported in tax statements for tax years 2006, 2007 and 2008. The charges relate primarily to differentials paid on derivatives listed on Asian regulated markets and OTC derivatives stipulated with premier banking counterparties and, to a lesser extent, to trading fees and commissions on securities and other financial instruments paid to market intermediaries for cash instruments.

At the end of December 2013, a settlement agreement was reached through alternative dispute resolution mechanisms for tax year 2008, entailing a payment of approximately 3.3 million euro to settle alleged tax arrears of approximately 35 million euro (taxes, withholdings and fines). Although convinced of the groundlessness of the claim, the decision to settle the dispute was taken with a view to avoiding a long and costly litigation over a specific matter of marked uncertainty. At the date of this Base Prospectus, no tax assessment notices have been received for any subsequent tax years. The settlement agreement for tax year 2008 also covered charges declared in relation to black-listed countries, entailing payment of approximately 0.1 million euro in arrears due on charges not accruing, compared to an original claim of 113 million euro.

In January 2014, a first payment notice was received in relation to a claim for approximately Euro 10 million connected to substitute tax. Payment of Euro 2.8 million in taxes was made; the amount is also payable by the entities financed. An appeal has been filed against the validity of the payment notice.

A total of approximately 21 million euro in provisional deposits was paid in relation to tax litigation pending at 31 December 2013; the entire amount was deducted from tax provisions allocated, with no credit entry charged. The provisional deposits were paid in compliance with specific legislative provisions governing tax litigation. The amounts will be deducted from the final claim awarded in the event of defeat, or refunded in the event of a ruling in favour of Banca IMI.

Additional provisions allocated to the relevant fund, cover the contingent tax liability estimated and residual tax credits recognised in accounts in relation to taxes and withholdings for which a refund has been requested.

Cirio Group Litigation

In early April 2007, ten companies belonging to the Cirio Group in receivership (*amministrazione straordinaria*) commenced legal proceedings against Intesa Sanpaolo S.p.A., the former Banca Caboto S.p.A. (now Banca IMI S.p.A.), and five other financial intermediaries, claiming jointly and severally damages arising from:

- the arrangement of, and participation in, six bond issuances by companies belonging to the Cirio Group during the period from 2000 to 2002, which bond issuances were alleged to have increased the financial difficulties of the relevant issuers. Relevant damages were claimed, using three different criteria, for an amount of €2,082 million (on the basis of the first criterium), or the lower amount of €1,055 million (on the basis of the second criterium) or €421 million (on the basis of the third criterium);

- the loss of opportunity to bring bankruptcy claw-back actions, for undetermined amounts, as a result of the delay in the financial difficulties of the Cirio Group companies becoming known; and
- the payment of commissions in an aggregate amount of €9.8 million in relation to the placement activities rendered in respect of certain bond issuances.

The former Banca Caboto S.p.A. (now Banca IMI) opposed to the claim and requested a hearing to be scheduled to discuss the case with a view to avoiding lengthy negotiations and swiftly achieving a resolution of the dispute.

Further to a judgment delivered on September 2009, the Court of Rome rejected the plaintiffs' claims and ordered the reimbursement of costs incurred. The plaintiffs have appealed against this sentence, and both Intesa Sanpaolo and Banca IMI have appeared before the appeal court and have asked for the appeal to be thrown out. The appeal process is currently ongoing.

Formerly Schering-Plough Corporation (currently, Merck & Co) Litigation

During April 2008, the Arkansas Teachers' Pension Fund brought a class action before the District Court of New Jersey, United States of America, in connection with the public offer in August 2007 of 57,500,000 ordinary shares and 10,000,000 newly issued preference shares in the company Schering-Plough Corporation (subsequently merged, in November 2009, with Merck & Co and renamed Merck & Co upon completion of the merger), for a total value of USD 4 billion. Schering-Plough Corporation was a U.S. company that manufactures and distributes pharmaceutical products and which in November 2009 merged with Merck & Co, another U.S. pharmaceutical company, and adopted the name Merck & Co. The pre-merger company Banca IMI S.p.A., with registered office at Corso Matteotti 6, 20121, Milan, had acted, in respect of the offer of ordinary shares only, as a member of the underwriting syndicate, with commitments of 0.25 per cent. of the total amount of ordinary shares offered.

The action was brought against the issuer, formerly, Schering-Plough Corporation (currently, Merck & Co), its senior management and the members of its Board of Directors, as well as the members of the underwriting syndicates for the offer of ordinary and preference shares (including Banca IMI S.p.A.), on the basis of the claim that the offer documents had failed to disclose to investors information regarding a clinical trial carried out in April 2006, of which the issuer was aware, that had resulted in the finding that two anti-cholesterol products manufactured and distributed by the former Schering-Plough Corporation together with the former Merck & Co., Inc., and the sales of which constituted a significant share of the Schering-Plough Corporation's turnover, were essentially ineffective. It is claimed that the results of the clinical trial were only disclosed to the public by the Schering-Plough Corporation in January 2008 and led to a significant decline in the market value of Schering's shares on the relevant stock exchanges, amounting to a decrease in the stock price of approximately 25 per cent..

The claim was brought against the issuer, Schering-Plough Corporation (currently, Merck & Co), its senior management and members of its Board of Directors and against the members of the underwriting syndicates of the above-mentioned offers, on the grounds that, in accordance with applicable U.S. laws regarding liability for inaccurate information or omissions in public offer documents, such banks were jointly liable with the issuer to investors.

The class action was joined with similar proceedings brought before the same District Court by other U.S. public pension funds.

In February 2013 the plaintiffs and the defendants agreed to settle the class action against payment of a sum to be paid exclusively by Merck & Co. (currently, Schering-Plough Corporation), excluding any economic obligations for the member of the underwriting syndicates, including Banca IMI, subject to the approval of the settlement by the competent District Court. The relevant settlement agreement was executed in June 2013 and approved by the United States District Court of New Jersey in October 2013. An investor filed an appeal against such approval, which was rejected in April 2014.

Lehman Brothers Holdings Inc. Litigation

During October 2008, the Issuer was called as defendant, together with former executives of Lehman Brothers Holdings Inc. and other financial intermediaries, in a class action brought by a private investor before the Garland County District Court in the State of Arkansas (USA). The action was in connection with the Issuer's participation as a member of the underwriting syndicate in a public offering of subordinated bonds issued in October 2006 by Lehman Brothers Holdings Inc.. Lehman Brothers Holdings Inc. was the parent company of the Lehman Brothers Group and listed on the New York Stock Exchange, and was one of the leading US financial groups operating at global level until September 2008, in the fields of capital markets, investment banking and structured finance. The Issuer had acted as a member of the underwriting syndicate, with commitments of 1 per cent. of the total amount of the bonds offered.

The proceedings were brought on the grounds that the offer documentation and the documents incorporated by reference therein failed to disclose to investors the significant risks assumed by, and the significant exposure of, Lehman Brothers Holdings Inc. in the real estate sector and its derivatives business; risks and exposure which, as a result of the adverse trend in the financial markets, led in September 2008 to Lehman Brothers Holdings Inc. filing for bankruptcy protection pursuant to Chapter 11 of the US Federal Bankruptcy Code.

The proceedings were brought against both the senior management and members of the Board of Directors of Lehman Brothers Holdings Inc., and the members of the underwriting syndicate involved in the above-mentioned offer (including Banca IMI S.p.A.), on the grounds that, in accordance with applicable U.S. laws regarding liability for inaccurate information or omissions in public offer documents, the latter were jointly liable with the issuer to investors.

The class action was transferred to the district court of the State of New York to be joined with numerous similar proceedings pending before various US district courts, brought by numerous private, public and institutional investors, and is currently pending before the court of first instance. On 6 April 2010 the claimants reformulated their requests, stating that the period concerned for the purposes of the submission of the claims in the class action was between 12 June 2007 and 15 September 2008 (whereas, as stated above, the transaction in which the Banca IMI S.p.A. participated was prior to such period) consequently excluding Banca IMI from such action as eventually reformulated.

However, on November 2011 the claimant of the initial action raised up its requests again against, *inter alios*, former executives of Lehman Brothers Holdings Inc. and other financial intermediaries, including Banca IMI, by reformulating them in a new class action, joined with similar proceedings having the same subject brought before the District Court of New York as well. On December 2012, the District Court of New York has fully repealed the claimant's requests. Against this sentence, the claimant has appeared before the appeal court and has asked for the appeal to be thrown out. The appeal was rejected by the Court in October 2013.

With regard to the Issuer's participation as a member of the underwriting syndicate in the above-mentioned public offering of subordinated bonds issued in October 2006 by Lehman Brothers Holdings Inc., the Issuer was also called as defendant in May 2008, together with former corporate executives of Lehman Brothers Holdings Inc. and other financial intermediaries, in an individual legal action brought by a US public pension fund before the court of Thurston county in the State of Washington (USA).

The individual action was joined with similar proceedings having the same subject brought before the District Court of New York. In August 2013 the plaintiff and the defendants (including Banca IMI) agreed to settle the action and the settlement agreement was approved by the District Court in September 2013.

SARAS Litigation

In March 2011, a number of private investors served a summons on Banca IMI, together with SARAS S.p.A. – Raffinerie Sarde, the Chairman and the Managing Director of SARAS S.p.A. and auditing firm Pricewaterhouse Coopers S.p.A. to appear before the Civil Court of Milan for alleged liability for inaccurate information in the public offer document published on 21 April 2006 related to the sale and subscription of SARAS S.p.A. ordinary shares and their admission to trading on the electronic shares exchange market (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana S.p.A. The company, formerly Banca Caboto S.p.A., had acted as the Lead Manager of the public offer, sponsor and co-global coordinator.

The legal action is currently pending before the court of first instance.

Icelandic Banks Landsbanki Islands hf., Glitnir Banki hf., Kaupthing hf. Litigation

The U.S. economic and financial crisis, which had started to appear from August 2007 and culminated in the failure of Lehman Brothers Holdings Inc. (the fourth American investment bank at the time) in September 2008, led to a general economic crisis worldwide in the second half of 2008, with particular impact on the European economy. In particular the liquidity crisis of the international markets had serious adverse effects on the three most important Icelandic banks, Landsbanki Islands hf., Kaupthing hf. and Glitnir Banki hf., also in respect of their large dimension, high exposure to the global stock market, high dependence on liquidity loans on the international markets and large holdings of foreign currency loans. On October 2008, Icelandic authorities took legislative emergency measures granting extraordinary power to the prudential regulation authority and all three banks were submitted to insolvency proceeding according to Icelandic legislation.

Banca IMI has held residual relationship with such banks in the context of the bank's activities of trading intermediation on financial instruments. Furthermore Banca IMI has dealt with Glitnir Banki hf in relation to a limited number of operations concerning derivative financial instruments (swaps) which, as a result of the submission of Glitnir Banki hf to insolvency proceeding, were terminated by Banca IMI, with a subsequent almost full set-off (the "Set-Off") between the credit position of Glitnir Banki hf *vis-a-vis* Banca IMI resulting from the early termination of such swaps and the credit position of Banca IMI *vis-a-vis* Glitnir Banki hf resulting from the ownership of some bonds issued by Glitnir Banki hf and from a banking loan relationship transferred to Banca IMI by a subsidiary of its banking group.

In particular the submission to insolvency crisis procedure has determined, as consequence, the right for the administrative bodies of the insolvency procedure of the above mentioned Icelandic banks, to bring clawback actions on the operations carried out in the course of the six months before the submission to the insolvency procedure.

Therefore Banca IMI has been called as defendant by liquidators of Kaupthing hf and Landsbanki Islands hf. in connection with a requested clawback of certain sale and purchase trades of bonds issued by such entities between Banca IMI as vendor and the relevant Icelandic bank as buyer during the six months period before the submission to insolvency proceedings, for an aggregate value of approximately EUR 3,85 million. Banca IMI has also been called as defendant by liquidators of Glitnir Banki hf. in connection with a requested partial clawback of the Set-Off between the credit positions of Banca IMI and Glitnir Banki hf.

The legal actions initiated by the liquidators of Kaupthing hf and Landsbanki Islands hf. in connection with the clawback are currently pending before the courts of first instance. In relation to the legal action promoted by the liquidators of Glitnir Banki hf., a settlement agreement was entered into by the parties in March 2014.

SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER

The following table contains certain selected solvency figures relating to the Issuer on a non-consolidated basis as at 31 December 2013, compared to corresponding figures as at 31 December 2012.

	31 December 2013	31 December 2012
Tier 1 / Total risk-weighted assets	14.67% ¹	13.41%
Core Tier 1 ratio	14.67%	13.41%
Total equity / Total risk-weighted assets	14.67%	13.52%

¹ The ratio is determined taking into account the reduction of 25% of capital requirement applicable to banks belonging to banking groups, in consistency with 2012. Without taking into account such reduction the ratio is equal to 11.04% for the year 2013 compared to 10.1% for the year 2012.

	31 December 2013	31 December 2012
Tier 1 / Total risk-weighted assets	14.67% ¹	13.41%
Regulatory capital (in EUR millions)		
Tier 1 capital	2,698.4	2,789.1
Tier 2 capital		2.3
Total capital	2,698.4	2,811.0

The following table contains certain selected credit quality figures relating to the Issuer on a non-consolidated basis as at 31 December 2013, compared to corresponding figures as at 31 December 2012

	31 December 2013	31 December 2012
Non-performing loans to customers / total loans to customers	16.90%	3.80%
Net impairment on loans to customers / performing loans to customers	1.20%	1.70%
Gross doubtful exposures / gross exposures	0.47%	0.17%
Net doubtful exposures / net exposures	0.14%	0.04%
Gross non-performing exposures / gross exposures	5.03%	2.05%
Net non-performing exposures / net exposures	3.90%	1.69%
Non-performing exposures coverage ratio	23.62%	18.48%
Doubtful exposures coverage ratio	70.14%	77.98%
Net doubtful exposures / equity	1.26%	0.25%

The following table contains certain selected income statement and balance sheet figures extracted from the Issuer's audited non-consolidated financial statements for the financial year ending 31 December 2013, compared with corresponding figures for the financial year ending 31 December 2012.

Income Statement Figures

	31 December 2013	31 December 2012	Percentage Variation
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net interest income	561.0	560.9	0.0
Total income	1,261.0	1,462.4	-13.8

	31 December 2013	31 December 2012	Percentage Variation
	<i>(EUR million)</i>		<i>(per cent.)</i>
Operating expenses	353.3	349.4	1.1
Net financial income	992.7	1,352.5	-26.6
Pre-tax profit from continuing operations	458.7 ²	1,003.0	-54.3
Profit for the year	144.7	641.0	-77.4

Balance Sheet Figures

	31 December 2013	31 December 2012	Percentage variation
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net investments ³	28,623.7	22,584.8	26.7
Net revenue	31,829.3	26,471.0	20.2
Indirect revenue	-	-	n.a.
Financial assets	61,425.4	75,938.7	-19.1
Total assets	137,743.8	151,428.9	-9.0
Net equity	3,142.9	3,382.3	-7.1
Share Capital	962.5	962.5	0.0

The following table contains certain selected credit quality figures relating to the Issuer on a consolidated basis as at 31 December 2013, compared to corresponding figures as at 31 December 2012⁴.

	31 December 2013	31 December 2012
Non-performing loans to customers / total loans to customers	16.90%	3.80%
Net impairment on loans to customers / performing loans to customers	1.20%	1.70%
Gross doubtful exposures / gross exposures	0.47%	0.17%
Net doubtful exposures / net exposures	0.14%	0.04%

² The pre-tax profit from continuing operations incorporate the write-downs of Euro 194.1 millions relating to goodwill in connection with Structured Finance business unit.

³ The aggregate amount consists of customer receivables and gains on financial assets held for trading, net of financial liabilities held for trading.

	31 December 2013	31 December 2012
Non-performing loans to customers / total loans to customers	16.90%	3.80%
Gross non-performing exposures / gross exposures	5.04%	2.06%
Net non-performing exposures / net exposures	3.91%	1.69%
Non-performing exposures coverage ratio	23.62%	18.48%
Doubtful exposures coverage ratio	70.14%	77.98%
Net doubtful exposures / equity	1.30%	0.25%

The following table contains certain selected income statement and balance sheet figures extracted from the Issuer's audited consolidated financial statements for the financial year ending 31 December 2013, compared with corresponding figures for the financial year ending 31 December 2012.

Income Statement Figures

	31 December 2013	31 December 2012	Percentage variation
	<i>(EUR million)</i>		<i>(per cent)</i>
Net interest income	569.4	567.1	0.4
Total income	1,277.4	1,475.4	-13.4
Operating expenses	366.7	362.2	1.2
Net financial income	1,009.2	1,364.9	-26.1
Pre-tax profit from continuing operations	466.2 ⁵	1,007.1	-53.7
Profit for the year	146.9	642.5	-77.4

Balance Sheet Figures

	31 December 2013	31 December 2012	Percentage variation
	<i>(EUR million)</i>		<i>(per cent)</i>
Net investments	28,676.9	22,653.2	26.6
Net revenue	31,781.6	26,435.7	20.2

⁵ The pre-tax profit from continuing operations incorporate the write-downs of Euro 194.1 millions relating to goodwill in connection with CGU Finanza Strutturata.

	31 December 2013	31 December 2012	Percentage variation
	<i>(EUR million)</i>		<i>(per cent)</i>
Indirect revenue	-	-	n.a.
Financial assets	61,451.7	75,973.7	-19.1
Total assets	138,061.1	151,792.5	-9.0
Net equity	3,236.1	3,477.1	-6.9
Share Capital	962.5	962.5	0.0

RECENT EVENTS

On 14 May 2014 the Board of Directors of Banca IMI approved the quarterly financial statements as at 31 March 2014. Such interim financial statements are neither audited nor reviewed by the independent auditors.

The following table contains certain selected solvency indicators relating to the Issuer on a non-consolidated basis as at 31 March 2014.

	31 March 2014
	<i>(per cent. unless otherwise specified)</i>
Tier 1 (CET1) (in EUR millions)	Euro 2,585.6
Additional Tier 1 capital (AT1) (in EUR millions)	-
Tier 2 (T2) capital (in EUR millions)	-
Total capital (in EUR million)	Euro 2,585.6
Risk-weighted assets (in EUR millions)	Euro 24,545.0
Total capital ratio	10.53%
Risk-weighted assets / Total assets	16.99%

The regulatory capital and the capital ratios in the table above were calculated in accordance with the provisions in force since 1 January 2014, the date on which entered into force the supervisory rules following the Basel III directives.

The following table contains certain selected credit quality figures relating to the Issuer on a non-consolidated basis as at 31 March 2014, compared to corresponding figures as at 31 December 2013.

	31 March 2014	31 December 2013
Non-performing loans to customers / total loans to customers	17.00%	16.90%

Net impairment on loans to customers / performing loans to customers	1.70%	1.20%
Gross doubtful exposures / gross exposures	0.39%	0.47%
Net doubtful exposures / net exposures	0.13%	0.14%
Gross non-performing exposures / gross exposures	4.76%	5.04%
Net non-performing exposures / net exposures	3.74%	3.91%
Non-performing exposures coverage ratio	22.65%	23.62%
Doubtful exposures coverage ratio	67.36%	70.14%
Net doubtful exposures / equity	1.18%	1.30%

The following table contains certain selected income statement and balance sheet figures on a non-consolidated basis extracted from the Issuer's interim financial statements for the quarterly month period ending 31 March 2014, compared with corresponding figures for the financial year ending 31 December 2013 (as to the balance sheet figures) or with the quarterly month period ending 31 March 2013 (as to income statement figures).

Income Statement Figures

	31 March 2014	31 March 2013	Percentage Variation
	<i>(EUR thousand)</i>		<i>(per cent.)</i>
Net interest income	167,764.7	129,644.6	29.4
Total income	418,590.7	369,877.0	13.2
Operating expenses	96,531.1	89,164.9	8.3
Net financial income	377,998.6	320,573.7	17.9
Pre-tax profit from continuing operations	281,467.5	231,408.8	21.6
Profit for the period	178,467.5	146,408.8	21.9

Balance Sheet Figures

	31 March 2014	31 December 2013	Percentage variation
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net investments	30,072.6	28,623.7	5.1
Net revenue	33,968.4	31,829.3	6.7
Indirect revenue	-	-	n.a

	31 March 2014	31 December 2013	Percentage variation
	<i>(EUR million)</i>		<i>(per cent.)</i>
Financial assets	66,587.0	61,425.4	8.4
Total assets	144,428.0	137,743.8	4.9
Net equity	3,329.2	3,142.9	5.9
Share Capital	962.5	962.5	0.0

The following table contains certain selected credit quality figures relating to the Issuer on a consolidated basis as at 31 March 2014, compared to corresponding figures as at 31 December 2013.

	31 March 2014	31 December 2013
Non-performing loans to customers / total loans to customers	17.00%	16.90%
Net impairment on loans to customers / performing loans to customers	1.70%	1.20%
Gross doubtful exposures / gross exposures	0.39%	0.47%
Net doubtful exposures / net exposures	0.13%	0.14%
Gross non-performing exposures / gross exposures	4.75%	5.03%
Net non-performing exposures / net exposures	3.72%	3.90%
Non-performing exposures coverage ratio	22.65%	23.62%
Doubtful exposures coverage ratio	67.36%	70.14%
Net doubtful exposures / equity	1.14%	1.26%

The following table contains certain selected income statement and balance sheet figures on a consolidated basis extracted from the Issuer's interim financial statements for the quarterly month period ending 31 March 2014, compared with corresponding figures for the financial year ending 31 December 2013 (as to the balance sheet figures) or with the quarterly month period ending 31 March 2013 (as to income statement figures).

Income Statement Figures

	31 March 2014	31 March 2013	Percentage variation
	<i>(EUR thousand)</i>		<i>(per cent)</i>
Net interest income	168,101	130,579	28.7
Total income	424,929	371,774	14.3

	31 March 2014	31 March 2013	Percentage variation
	<i>(EUR thousand)</i>		<i>(per cent)</i>
Operating expenses	99,726	92,410	7.9
Net financial income	384,337	322,471	19.2
Pre-tax profit from continuing operations	285,396	230,919	23.6
Profit for the period	180,496	145,036	24.4

Balance Sheet Figures

	31 March 2014	31 December 2013	Percentage variation
	<i>(EUR million)</i>		<i>(per cent)</i>
Net investments	30,188.3	28,676.9	5.3
Net revenue	33,957.9	31,781.6	6.8
Indirect revenue	-	-	n.a
Financial assets	66,624.7	61,451.7	8.4
Total assets	144,927.8	138,061.1	5.0
Net equity	3,424.4	3,236.1	5.8
Share Capital	962.5	962.5	0.0

Such information is not indicative of the Issuer's future performance. There is no guarantee that any future negative performance by the Issuer will not adversely affect the regular provision of investment services by the Issuer or the Issuer's ability to perform its payment obligations on any contractual due dates.

OVERVIEW OF THE FINANCIAL INFORMATION

Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31 December 2013 and 31 December 2012 has been derived from the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013 (the **2013 Annual Financial Statements**) that include comparative figures as at and for the year ended 31 December 2012. The 2013 Annual Financial Statements have been audited by KPMG S.p.A., auditors to Banca IMI S.p.A., who issued their audit report on 2 April 2014.

Incorporation by Reference

The annual financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction

with and is qualified in its entirety by reference to the above-mentioned annual financial statements, together with the accompanying notes and auditors' reports.

Accounting Principles

The annual and half-yearly financial statements of the Issuer have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002. The half-yearly financial statements of the Issuer have been prepared in compliance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2013 and 31 December 2012.

Assets	31 December 2013	31 December 2012
	<i>(EUR thousand)</i>	
Cash and cash equivalents	2	3
Financial assets held for trading	55,329,273	69,231,420
Available-for-sale financial assets	6,122,475	6,714,432
Due from banks	54,664,821	56,403,295
Loans to customers	20,364,686	17,398,110
Hedging derivatives	551,671	1,091,276
Equity investments	12,208	13,535
Property and equipment	1,218	751
Intangible assets	355	194,183
of which:		
- goodwill	-	194,070
Tax assets	610,740	294,290
a) current	414,174	101,558
b) deferred	196,566	192,732
Other assets	403,696	451,340
Total Assets	138,061,145	151,792,635

CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2013 and 31 December 2012.

Liabilities and Equity	31 December 2013	31 December 2012
	<i>(EUR thousand)</i>	
Due to banks	44,973,642	42,471,641
Due to customers	12,527,587	7,602,384
Securities issued	28,945,210	32,764,994
Financial liabilities held for trading	47,017,075	63,969,708
Hedging derivatives	475,201	674,160
Tax liabilities	429,630	392,734
<i>a) current</i>	395,883	366,462
<i>b) deferred</i>	33,747	26,272
Other liabilities	418,353	407,355
Post-employment benefits	8,569	9,199
Provisions for risks and charges	29,805	23,680
<i>a) pensions and similar obligations</i>	12	12
<i>b) other provisions</i>	29,793	23,668
Fair value reserves	10,497	(106,208)
Reserves	1,534,957	1,396,770
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	146,895	642,494
Total Liabilities and Equity	138,061,145	151,792,635

CONSOLIDATED ANNUAL INCOME STATEMENT

The annual financial information below includes comparative figures as at and for the years ended 31 December 2013 and 31 December 2012.

	31 December 2013	31 December 2012
	<i>(EUR thousand)</i>	
Interest and similar income	2,212,227	2,382,980
Interest and similar expense	(1,642,834)	(1,815,889)
Net interest income	569,393	567,091
Fee and commission income	439,605	399,258
Fee and commission expense	(243,743)	(178,332)
Net fee and commission income	195,862	220,926
Dividends and similar income	94,676	334,347
Profits (Losses) on trading	263,136	246,636
Profit (Losses) on hedging	7,364	17,467
Profits (Losses) on disposal or repurchase of:	147,013	114,034
<i>a) loans and receivables</i>	3,944	3,499
<i>b) available-for-sale financial assets</i>	178,197	123,954
<i>c) held-to-maturity investments</i>	-	-
<i>d) financial liabilities</i>	(35,128)	(13,419)
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	-	(25,062)
Total income	1,277,444	1,475,439
Impairment losses/reversal of impairment losses on:	(268,286)	(110,549)
<i>a) loans and receivables</i>	(239,566)	(105,228)
<i>b) available-for-sale financial assets</i>	(3,604)	-
<i>c) held-to-maturity investments</i>	-	-
<i>d) other financial assets</i>	(25,116)	(5,321)
Net financial income	1,009,158	1,364,890
Net banking and insurance income	1,009,158	1,364,890
Administrative expenses	(359,982)	(350,581)
<i>a) personnel expenses</i>	(114,825)	(131,760)
<i>b) other administrative expenses</i>	(245,157)	(218,821)
Net accruals to provision for risks and charges	(10,000)	(16,000)
Depreciation and net impairment losses on property and equipment	(319)	(358)
Amortisation and net impairment losses on intangible assets	(65)	(31)
Other operating income (expenses)	3,687	4,771
Operating expenses	(366,679)	(362,199)
Net gains on sales of equity investments	17,839	4,396

	31 December 2013	31 December 2012
	<i>(EUR thousand)</i>	
Impairment of goodwill	(194,070)	
Pre-tax profit from continuing operations	466,248	1,007,087
Income tax expense	(319,353)	(364,593)
Post-tax profit from continuing operations	146,895	642,494
Profit for the year	146,895	642,494
Profit (loss) attributable to non-controlling interests	-	-
Profit attributable to the owners of the parent	146,895	642,494

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and/or CREST currently in effect. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer nor the Agent nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Notes. Global Notes will be deposited with a common depository or common safekeeper, as the case may be, for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the relevant Manager. Transfers of interests in such Global Notes will be made in accordance with the normal operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system. Each Global Note deposited with a common depository or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CREST Depository Interests

Following their delivery into Euroclear and/or Clearstream, Luxembourg, interests in Notes may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the **CREST Nominee**) in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the common depository or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities distinct from the Notes, constituted under English law and may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the corresponding CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Section 3 (Crest International Manual) of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll in the form contained in Section 3 of the CREST Manual executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (i) CDI Holders will not be the legal owners of the Underlying Notes or have a direct beneficial interest in the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (ii) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.
- (iii) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 14 April 2008) as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository as issuer of the CDIs.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from

the CREST website from time to time (at the date of this Base Prospectus, being at www.euroclear.com/site/public/EUD).

- (vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.
- (viii) Potential investors should note that none of the Issuer, the relevant Manager nor the Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (ix) Potential investors should note that Notes represented upon issue by a Temporary Global Note exchangeable for a Permanent Global Note will not be immediately eligible for CREST settlement as CDIs. In such case, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the issue of the Notes. It is anticipated that Notes eligible for CREST settlement as CDIs will be issued in registered form or, if issued in bearer form, will be represented upon issue by a Permanent Global Note.

TAXATION

General Taxation Information

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Notes and the death of a holder of any Note may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

Czech Taxation

The information set out below is of a general nature and relates only to Czech withholding tax treatment. It does not deal with any other Czech tax consequences of acquiring, holding or disposing of Notes. Prospective holders of Notes should seek, in the light of their individual situation, their own professional advice as to the consequences of acquiring, holding or disposing of Notes. The information is based on the tax laws of the Czech Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

For the purposes of this information, it has been assumed that the Issuer is not resident for tax purposes nor has it any permanent establishment in the Czech Republic.

Withholding tax

All interest payments to be made by the Issuer under the Notes may be made free of withholding or deduction of, for or on the account of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Czech Republic or any political subdivision or taxing authority thereof or therein.

Securing tax

In general, pursuant to the Czech tax law, Czech tax residents (or Czech permanent establishments of Czech tax non-residents) acquiring the Notes are required, under their own responsibility, to withhold and to remit to Czech tax authorities a 1 per cent. securing tax from the purchase price when purchasing investment instruments, such as the Notes, from a seller who is resident for tax purposes outside the European Union or the European Economic Area. Such obligation can be eliminated under a tax treaty concluded between the Czech Republic and the country in which the seller is a tax resident. Furthermore, it can be waived in advance based on a decision of Czech tax authorities.

French Taxation

The following is a general discussion of certain French taxation matters and is (i) based on the laws and practice in force as of the date of this Base Prospectus and subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect and (ii) prepared on the assumption that the Issuer is not (and will not be) a French resident for French tax purposes (whether actually or constructively) and the Notes (or any transaction in connection with the Notes) are not (and will not be) attributed or attributable to a French branch or permanent establishment or other fixed place of business of the Issuer in France. Investors should be aware that the statements below are of a general nature and do not constitute legal or tax advice and should not be understood as

such. Prospective investors should consult their professional advisers so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.

Withholding tax

All payments by the Issuer in respect of the Notes will be made free of any compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

However, if the paying agent is established in France, pursuant to Article 125 A of the French *Code général des impôts*, subject to certain limited exceptions, interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24% withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5% on interest and similar income paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

EU Savings Directive

The Directive 2003/48/EC on the taxation of savings income has been implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including, the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

Transfer tax and other taxes

The following may be relevant in connection with Notes which may be settled, repaid or redeemed by way of physical delivery of certain French shares (or certain assimilated securities).

The French financial transaction tax provided under Article 235 *ter* ZD of the French *Code général des impôts* is applicable, subject to certain exceptions, at a rate of 0.2% to any acquisitions of equity securities (*titres de capital*) or certain assimilated equity securities, provided that they are listed on a regulated market and that they are issued by an issuer whose registered office is located in France and whose market capitalisation exceeds €1 billion on 1 December of the year preceding the acquisition. If the financial transaction tax applies to a transaction, this transaction is exempt from transfer taxes (*droits de mutation à titre onéreux*) which generally apply at a rate of 0.1% to the sale of shares issued by a company whose registered office is located in France, provided that in case of shares listed on a recognised stock exchange, transfer taxes are due only if the transfer is evidenced by a written deed or agreement.

German Taxation

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This general discussion is based on the tax laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Notes as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

Tax Residents

The section “Tax Residents” refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

Withholding tax on ongoing payments and capital gains

Ongoing payments received by an individual Noteholders will be subject to German withholding tax if the Notes are kept in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a ***German Disbursing Agent, auszahlende Stelle***). The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.). Individuals subject to church tax may apply in writing for church tax to be levied by way of withholding also. Absent such application, such individuals have to include their investment income in their income tax return and will then be assessed to church tax. After 31 December 2014 an electronic information system for church withholding tax purposes will apply in relation to investment income, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will be assessed to church tax.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by an individual Holder provided the Notes have been held in a custodial account with the same German Disbursing Agent since the time of their acquisition. Where Notes are issued in a currency other than Euro any currency gains or losses are part of the capital gains. If interest coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the payment of interest coupons or interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept in a custodial account with the same German Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge, plus church tax, if applicable) on 30 per cent. of the disposal proceeds (plus interest accrued on the Notes (Accrued Interest, *Stückzinsen*), if any), unless the current German Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous German Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the EC Council Directive 2003/48/EC of June 3, 2003 on the taxation of savings income (e.g. Switzerland or Andorra).

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated October 9, 2012 a bad debt-loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden capital contribution, shall not be treated like a disposal. Accordingly, losses suffered upon such bad debt-loss or waiver shall not be tax-deductible. The same rules should be applicable according to the said tax decree, if the Notes expire worthless so that losses may not be tax-deductible at all.

In computing any German tax to be withheld, the German Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual Holder of the Notes via the German Disbursing Agent (e.g. losses from sale of other securities with the exception of shares). The German Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the German Disbursing Agent. In addition, subject to certain requirements and restrictions German the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding financial instruments held by the individual Holder in the custodial account with the German Disbursing Agent.

Individual Holders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) for all investment income received in a given year. Upon the individual Holder filing an exemption

certificate (*Freistellungsauftrag*) with the German Disbursing Agent, the German Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Noteholder has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation as Holder while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Notes form part of a trade or business, subject to further requirements being met.

Taxation of current income and capital gains

The personal income tax liability of an individual Holder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no German Disbursing Agent is involved in the payment process, the individual Holder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), an individual Holder may and in case the actual gain is higher than 30 per cent. of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, an individual Holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the individual Noteholder realised in the same or the following years.

Where Notes form part of a trade or business the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, interest (accrued) must be taken into account as income. Where Notes qualify as zero bonds and form part of a trade or business, each year the part of the difference between the issue or purchase price and the redemption amount attributable to such year must be taken into account. The respective Holder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Holder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Holder. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax.

Non-residents

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Holder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "Tax Residents" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a German Disbursing Agent, withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a German Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Note or an interest coupon are paid by a German Disbursing Agent to a non-resident upon delivery of the Notes or interest coupons, withholding tax generally will also apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

The European Commission and certain EU Member States (including Germany) are currently intending to introduce a financial transaction tax (FTT) (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed FTT will be enacted by the participating EU Member States and when the FTT will enter into force.

EU Savings Directive

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the information exchange on the basis of the EU Savings Directive into German law. These provisions apply from July 1, 2005.

For further information about the EU Savings Directive please refer to pages 154 to 155.

Hungarian Taxation

The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of Notes by non-Hungarian holders, or the payment of interest under Notes may trigger additional tax payments in the country of residence of the relevant holder, which is not covered by this summary, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.

Withholding tax (foreign resident individual holders)

The payments of interest on and capital gains realised upon the redemption or sale of publicly offered and traded Notes (**Interest Income**) is taxed at 16 per cent. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state is considered as other income (**Other Income**) which is part of the individual's aggregated tax base and is taxed at a rate of 16 per cent. and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, capital gains income (**Capital Gains Income**). The tax rate applicable to Capital Gains Income is 16 per cent., while health care contribution of 14 per cent. (capped at 450,000 Hungarian Forint (**HUF**)) may also be payable on the basis of Capital Gains Income.

Foreign resident individual holders are subject to tax in Hungary only if they realise Interest Income from Hungarian sources or income that is otherwise taxable in Hungary if the international treaty or reciprocity so requires. Interest Income should be treated as having a Hungarian source where:

- (a) the relevant Issuer is resident in Hungary for tax purposes;
- (b) the relevant Issuer has a permanent establishment in Hungary and Interest Income realised on the basis of the Notes issued by it is paid by the Hungarian permanent establishment of the relevant Issuer; or
- (c) the foreign resident individual holder has a permanent establishment in Hungary to which the Interest Income is attributable.

The tax on payments of the Interest Income is to be withheld by the "Payor" (*kifizető*) (as defined below).

Pursuant to Act XCII of 2003 on the Rules of Taxation (**ART**) a **Payor** means a Hungarian resident legal person, organisation or private entrepreneur who provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor shall mean such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a Payor.

Interest, as defined by Schedule 7 of the ART (which implements the provisions of the Savings Directive), realised on Notes by citizens of any other member state of the EEA is not subject to Hungarian tax where a paying agent based in Hungary provides data to the Hungarian state tax authority on the basis of Schedule 7 of the ART.

A foreign resident individual holder who does not have a permanent establishment in Hungary is not subject to tax in Hungary if he realises Capital Gains Income from Hungary since such income is not considered as Hungarian source income.

Please note that the provisions of applicable double tax conventions, if any, should be considered when assessing the Hungarian tax liabilities of a foreign resident individual holder.

Withholding tax (foreign resident corporate holders)

Interest on Notes paid to foreign resident corporate holders who do not have a permanent establishment in Hungary by resident legal entities or other persons and any capital gains realised by such foreign resident holders on the sale of the Notes is not subject to tax in Hungary.

The tax liability of a foreign resident corporate holder, which has a permanent establishment in Hungary is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

Taxation of Hungarian resident individual holders

The Act CXVII of 1995 on Personal Income Tax (the **Personal Income Tax Act**) applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons.

According to the provisions of the Personal Income Tax Act, in the case of individual holders, Interest Income is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt securities. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes. The withholding tax on Interest Income is currently 16 per cent.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state are considered as **Other Income** which is taxable at a rate up of 16 per cent. (and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, **Capital Gains Income**. The tax rate applicable to Capital Gains Income is 16 per cent., while the rate of health care contribution payable on the basis of Interest Income and Capital Gains Income realised by Hungarian resident individuals is 6 per cent. and 14 per cent.

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "Payor" (*kifizető*) (as defined below) to withhold tax on the interest payments to individual holders. In certain circumstances, Act LXVI of 1998 on Healthcare Contributions also imposes a requirement on the Payor to withhold health care contribution on the interest payments to individual holders.

Pursuant to the ART the definition of a **Payor** covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, **Payor** shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, **Payor** shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, **Payor** shall mean the "paying agent" (*megbízott*) (legal person, organisation or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

Taxation of Hungarian resident corporate holders

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the **Corporation Tax Act**), Hungarian resident taxpayers have a full, all-inclusive tax liability. In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

In general, interest and capital gains realised by Hungarian resident corporate holders on Notes will be taxable in the same way as the regular income of the relevant holders. The general corporation tax rate in Hungary is 10 per cent. up to the first HUF 500 million of the taxpayer's annual profit and 19 per cent. for the part above this threshold.

Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax and innovation tax on the basis of the proceeds realised on Notes.

Italian Taxation

Taxation in the Republic of Italy

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following general discussion does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Law Decree No. 66 of 24 April 2014, published in the Official Gazette No. 95 of 24 April 2014 (Decree 66), as converted into law with amendments by Law No. 89 of 23 June, 2014 (Law 89) introduced tax provisions amending certain aspects of the tax treatment of the Notes, as summarised below. The new rules are effective as of 1 July 2014. With reference to the imposta sostitutiva set out by Decree 239 (as defined below) the increased rate applies on interest accrued as of 1 July 2014.

Italian Taxation

Legislative Decree No. 239 of 1 April 1996 (**Decree 239**), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes issued, inter alia, by Italian banks, falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by Italian banks. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

Italian resident Noteholders

Where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless the individual has opted for the application of the "*risparmio gestito*" regimes – see "*Capital Gains Tax*" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes are subject to a tax withheld at source, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (20 per cent. on interest accrued up to 30 June 2014). If the Noteholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Pursuant to Law 89, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Notes) from 1 July 2014 to 31 December 2014, as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and in certain circumstances, depending on the "*status*" of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV established in Italy or either (i) the fund or SICAV (an investment company with variable capital) or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**). For an interim period, in certain circumstances, the Collective Investment Fund Tax may remain applicable at a rate of 20 per cent. for income accrued as of 30 June 2014.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax (11.5 per cent., for 2014, pursuant to Law 89).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (20 per cent. on interest accrued up to 30 June 2014), or at the reduced rate provided for by the applicable double tax treaty, to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow a satisfactory exchange of information with Italy.

Please note that according to the Law No. 244 of 24 December 2007 (**Budget Law 2008**) a Decree still to be issued should introduce a new "white list" replacing the current "black list" system, so as to identify those countries which (i) allow for a satisfactory exchange of information; and (ii) do not have a more favourable tax regime.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and (ii) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

Atypical Securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent. (20 per cent. up to 30 June 2014).

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution and trusts, such withholding tax applies as a provisional withholding tax. In all other cases the withholding tax is levied as a final withholding tax.

Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian resident Noteholders, subject to proper compliance with relevant subjective and procedural requirements.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of taxable (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) income if realised by an Italian company or a similar commercial entity (including the Italian permanent

establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. (20 per cent. on capital gains realised up to 30 June 2014). Noteholders may set-off losses with gains.

Pursuant to Law 89, non-commercial pension entities incorporated under Law No. 509 of 30 June 1994 or Law No. 103 of 10 February 1996 are entitled to a tax credit equal to the positive difference between withholding taxes and substitute taxes levied at a rate of 26 per cent. on financial proceeds deriving from their investments (including the Notes) from 1 July 2014 to 31 December 2014, as certified by the relevant withholding agent, and a notional 20 per cent. taxation, provided that such tax credit is disclosed by such entities in the annual corporation tax return.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder, holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Decree 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return. Pursuant to Decree 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. (20 per cent. for capital gains realised up to 30 June 2014) substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return. Pursuant to Decree

66, investment portfolio losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Tax.

Under the current regime provided by Decree 351, as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax (11.5 per cent., for 2014, pursuant to Law 89).

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Note is connected, from the sale or redemption of Notes traded on regulated markets are not subject to *imposta sostitutiva*.

Capital gains realised by non-Italian-resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes and not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (i) is resident for income tax purposes in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

Please note that, according to the Budget Law 2008, a Decree still to be issued should introduce a new "white list" replacing the current "black list" system, so as to identify those countries which (i) allow for a satisfactory exchange of information and (ii) do not have a more favourable tax regime.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer, not listed in regulated markets, are subject to the *imposta sostitutiva* at the current rate of 26 per cent. (20 per cent. for capital gains realised up to 30 June 2014).

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes deposited with such financial intermediary. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed €14,000 for taxpayers other than individuals; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent..

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due). Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings 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 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.

Irish Taxation

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be

relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

Irish Withholding Tax

Irish withholding tax applies to certain payments including payments of:

- (i) Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- (ii) Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- (iii) Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Notes, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Notes.

Separately, for as long as the Notes are quoted on a stock exchange, a purchaser of the Notes should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Notes.

Irish Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

Polish Taxation

General Information

The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this prospectus, it may thus be subject to change including a change with retroactive effect. Any change may negatively affect tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their personal circumstances. Prospective purchasers of the securities are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the securities. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (eg domestic or foreign investment funds).

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.

Polish tax resident individuals (natural persons)

A Polish tax resident individual is a natural person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year, unless otherwise results from the relevant tax treaty.

Interest income

Under Art. 30a.7 of the Personal Income Tax (the Act on Personal Income Tax dated 26 July 1991, as amended (consolidated text, J.L. 2012, No.0, item 361, amended), the **PIT Act**), interest income does not cumulate with general income subject to the progressive tax rate, but under Art. 30a.1.2 of the PIT Act it is subject to 19 per cent. flat rate tax.

Under Art. 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the 19 per cent. Polish tax upon any interest payment. Under Art. 41.4d of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in the territory of Poland and is connected with securities registered in the said accounts, and the interest payment to the individual (the taxpayer) is made through said entities. There are no regulations on where interest income is earned. In practice, unless specific circumstances indicate otherwise, it is considered that interest income is earned at the jurisdiction of the debtor. Although this is not expressly regulated in the tax law, in practice, the obligation to withhold Polish income tax applies only to Polish interest payers and not foreign payers. Consequently, no Polish withholding tax should be withheld on interest payment made from securities issued by a foreign, ie not Polish, company.

Separate, specific rules apply to interest income on securities held on Polish omnibus accounts. Under Article 41.10 of the PIT Act, insofar as securities registered in omnibus accounts are concerned, the entities operating omnibus accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the omnibus account holder.

Pursuant to Article 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Polish omnibus accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat-rate tax is withheld by the tax remitter (under art. 41.10 of the PIT Act the entity operating the omnibus account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the omnibus account holder.

Under Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Under Article 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

Other income

Income other than interest derived by a Polish tax resident individual from financial instruments held as non-business assets, qualify as capital income according to Art. 17 of the PIT Act. This income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring the Securities are recognised at the time the revenue is achieved. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

Securities held as business assets

If an individual holds the securities as business assets, in principle, interest and capital gains income should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent.

progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

Polish tax resident corporate income taxpayers

A Polish tax resident is a corporate income taxpayer having its registered office or place of management in Poland. Such entity is subject to income tax in respect of the securities (including capital gains and on interest/discount), following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the securities will be recognised at the time the revenue from the disposal of securities for remuneration is achieved. The taxpayer itself (without the involvement of the tax remitter) settles tax on interest (discount) or capital gains on securities, which is aggregated with other income derived from business operations conducted by the taxpayer.

The appropriate tax rate will be the same as the tax rate applicable to business activity, i.e. 19 per cent. for a corporate income taxpayer.

Non-Polish tax residents: natural person or corporate income taxpayers

Non-Polish tax resident individual is a natural person who does not have his/her centre of personal or business interests located in Poland and who does not stay in Poland for longer than 183 days in a year, unless the respective double tax treaty provides otherwise.

Non-Polish tax resident corporate income taxpayer is the corporate income taxpayer who does not have its registered office or place of management in Poland, unless the respective double tax treaty provides otherwise.

Non-Polish tax resident individuals and corporate income taxpayers are subject to Polish income tax only with respect to their income earned in Poland. There are no explicit regulations on where interest or capital gains or other income is earned. However, in practice it is considered that if securities are issued by a foreign entity, interest should not be considered as having been earned in Poland. In such case capital gains should neither be considered as arising in Poland unless the securities are sold on a stock exchange in Poland (the Warsaw Stock Exchange), in which case the tax authorities may consider the income as originating in Poland. If the latter is the case, however, most of the tax treaties concluded by Poland provide for a tax exemption with respect to Polish income tax on capital gains derived from Poland by a foreign tax resident. In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

Moreover, with respect to the interest payments, the relevant provisions of the EU Savings Directive may apply.

If a foreign recipient of income acts through a permanent establishment in Poland to which interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

Tax on civil law transactions

In light of Art. 1.1.1.a of the Tax on Civil Law Transactions Act (the Act on the Tax on Civil Law Transactions dated 9 September 2000, as amended (consolidated text, J.L. 2010, No.101, item 649, amended)), agreements for sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. Such transactions are taxable if their subjects are:

- assets located in Poland or proprietary rights exercisable in Poland;
- assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was carried out in Poland.

Securities should not be considered as rights exercisable in Poland.

Neither an issuance of Securities nor a redemption of Securities is subject to tax on civil law transactions.

Tax on the sale or exchange of Securities (which, as a rule are considered to be rights) is 1% of their market value. It is payable within 14 days after the sale or exchange agreement has been entered into. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public. Tax on sale of Securities is payable by the entity acquiring the Securities. In the case of exchange agreements, tax on civil law transactions should be payable by both parties jointly and severally.

In practice, however, the majority of transactions such as selling the Securities on a regulated market (within the meaning of the Act on Trading in Financial Instruments) or to or with intermediation of investment firms or foreign investment firms, are tax-exempt.

Remitter's liability

Under Art. 30 of the Tax Code (the Tax Code dated 29 August 1997, as amended (consolidated text, J.L. 2012, item 749, amended)), a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the specific provisions provide otherwise or if tax has not been withheld due to the taxpayer's fault. In such a case, the relevant tax authority issues a decision concerning the taxpayer's liability.

Slovak Taxation

General

*The information set out below describes certain material Slovak tax consequences for the holders of the debt securities who are individuals residing for tax purposes in the Slovak Republic or corporate entities having their registered office or place of actual management in the Slovak Republic or Slovak permanent establishments of foreign entities and individuals, to which the income from Notes is allocated (the **Slovak Holders**); a 'place of actual management' is defined as a 'place where management decisions and business decisions of the board of directors or the supervisory board are made, even in cases where the address of such place is not registered with the relevant commercial register'.*

The information in this section is based on the laws of the Slovak Republic as of the date of this Base Prospectus, except otherwise stated below. The statements are subject to any future changes in law, which changes could be made on a retroactive basis. The statements do not provide a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes. Some categories of investors may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.

Slovak income tax

A Slovak Holder is considered as a taxpayer with an unlimited taxation duty under Slovak tax law. Generally, corporate Slovak Holders are subject to a flat 22 per cent. income tax rate. Income of individual Slovak Holders not exceeding 176.8-fold of the subsistence minimum (i.e. subsistence minimum applicable as of 1 January of the respective tax period) is subject to a 19 per cent. income tax rate. Income above this threshold is subject to a 25 per cent. income tax rate.

Interest and capital gains from debt securities realised by a corporate Slovak Holder are taxable in the same way as the regular income of the corporate Slovak Holder. The revenue is to be included in a general tax base (or, if applicable, a partial tax base) of that corporate Slovak Holder for Slovak income tax purposes. From 1 January 2014 no Slovak withholding tax shall apply to revenues from debt securities, unless Slovak Holder is (i) an individual or a corporate entity which is not established for entrepreneurial purposes (e.g. non-profit organisations); (ii) the National Property Fund of the Slovak Republic (*Fond národného majetku*); or (iii) the National Bank of Slovakia (*Národná banka Slovenska*). Withholding tax rate is set at 19 per cent.

Health insurance contributions

As a consequence of the extension of the withholding tax regime to individuals, revenues from the Notes held by an individual Slovak Holder who is mandatorily insured in the Slovak public health insurance scheme should not be subject to health insurance contribution. However, due to repeated recent amendments to the withholding tax and health insurance contributions regimes, each Slovak Holder must evaluate obligations in this area which may arise under the relevant legislation, including transitional provisions.

Slovenian Taxation

The following is a general description of certain Slovenian tax considerations relating to the Notes, based on the Issuer's understanding of the current law and its practice in Slovenia. It does not purport to be a complete analysis of all relevant tax considerations. Furthermore, it only relates to the position of investors who are beneficial owners of the Notes and the interest and may not apply to certain classes of investors. Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

1. Taxation of individuals

Residents and non-residents

In accordance with the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), an individual is deemed to be a resident of Slovenia if his registered permanent address, habitual place or the centre of his personal and economic interests is in Slovenia. In addition, any person who has been present in Slovenia in a tax year for more than 183 days in the aggregate is deemed to be a resident in the tax year. Resident individuals are subject to income tax on their worldwide income. In general, all income, profits and gains are taxable, unless specifically exempt by law.

In accordance with the Personal Income Tax Act, non-residents are subject to tax on income derived from a source in Slovenia. Withholding tax is generally levied at a rate of 25 per cent.. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty, with the holder applying for a refund with the Slovenian tax authorities providing proof of eligibility.

Taxation of financial derivatives

Under the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), capital gains from the sale or other disposition of debt securities and other financial derivatives held as non-business assets are in general exempt from taxation. Capital gains derived from the alienation of financial derivatives (as defined in the Article 7 of the Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov; ZTFI*) and debt securities (except for coupon debt securities and discount debt securities) by a resident individual are taxed at the rate of 40 per cent. (in the first 12 months of holding) and 25 per cent. (in the following 4 years of holding) according to the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov; ZDDOIFI*). The tax rate is further reduced by 10 percentage points for the next 5 years of holding, so that the rate of 15 per cent. applies after 5th year of holding, and further by 5 percentage points for each following 5 years of holding so that 10% and 5 per cent. tax rate applies after the 10th and 15th year of holding, respectively. After the 20th year of holding 0 per cent. tax rate applies. Tax return must be filed by Slovenian tax resident (Individual) until 28th February for previous year. Slovenian tax residents are taxed based on the principle of worldwide income; any income - deriving from Slovenia or abroad - is subject to taxation. If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief.

Taxation of interest

Under the Slovenian tax laws currently in effect, the payment of interest on the debt securities (as defined in the Article 81 of the Slovenian Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*) in accordance with their terms and

conditions to a resident individual (within the meaning of the relevant provisions of ZDoh-2) will generally be subject to tax at a flat rate of 25 per cent. (levied by way of withholding or by way of assessment), provided that these qualify as non-business assets. Income from a disposal or repurchase by the issuer of discounted debt securities (including non-coupon debt securities) shall also be considered as interest income (in accordance with the Article 88 of ZDoh-2). Tax return must be filed by Slovenian tax resident (Individual) quarterly within 15 days after quarter if finished.

Pursuant to the Article 54 of ZDoh-2 interest on securities issued in series held by a resident individual as business assets will generally qualify as non-business income, in which case it would be subject to the flat rate of 25% as described above, instead of the progressive tax rate of up to 50 per cent., which generally applies to business income.

If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief. However, according to EU Savings Directive (2003/48/ES), local Personal Income Tax Act (Article 141 of ZDoh-1) enables residents to make full deduction of tax paid on foreign-source interest received. If tax paid abroad exceeds tax payable in Slovenia, the tax payer will be reimbursed for the difference.

Taxation of dividends and capital gains

Dividends and other profit distributions are taxed by way of a 25 per cent. final withholding tax.

In general, individuals are subject to income tax on their capital gains if derived from the disposal of immovable property, shares and other participation rights, investment coupons etc. Taxable capital gains are generally taxed at a 25% final tax rate. After five years of holding, capital gains are taxed at a 15% final tax rate. The rate is later reduced by five percentage points per each five years of holding. Consequently, any gains are exempt after a 20 year-holding. Capital gains derived from the alienation of financial derivatives are not taxed according to this rule but are taxed only as described previously under *Taxation of financial derivatives*.

Inheritance and gift taxation

Individuals and private law entities (within the meaning of the Article 3 of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila; ZDDD*) are subject to Slovenian inheritance and gift tax in case of a transfer of the securities mortis causa or inter vivos. The rate of such tax depends upon the value of the assets transferred and upon the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand. An exemption may apply in certain cases, such as to transfers between direct descendants and between spouses, as well as to a transfer of movable property the total value of which does not exceed EUR 5,000.

Withholding tax

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and other incomes if such taxable income is paid by local tax payer. In other cases, tax return must be filed by individual upon receipt of such income.

EU Savings Directive

EU Savings Directive has been incorporated in sub-chapter 10 of chapter 1 of part five of Slovenian Tax Procedure Act (*Zakon o davčnem postopku; ZDavP-2*) and has come into force on 1st July 2005.

For further information please refer to the paragraph below, headed *EU Savings Directive*.

No gross-up for taxes withheld

Purchasers of the Notes should note that according to the Terms and Conditions neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Notes, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

EU Financial Transaction Tax

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Notes.

For further information about please refer to the paragraph below, headed *The proposed financial transactions tax*.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Slovenia.

2. Taxation of corporations

Under the Slovenian tax laws currently in effect, the payment of interest on the securities in accordance with their terms and conditions within the meaning of the relevant provisions of the Slovenian Corporate Income Tax Act (*Zakon o davku od dohodkov pravnih oseb; ZDDPO*) received by (i) a legal person resident for tax purposes in the Republic of Slovenia; or by (ii) a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for tax purposes in the Republic of Slovenia, is considered as a part of the overall taxable income. The Corporate Income Tax is levied on the net profits, defined according to the profit and loss account, as stipulated by the law and the Accounting Standards. The tax rate is 15 per cent. however, according to transitional provisions 17 per cent. tax rate applies in the year 2013, 16 per cent. tax rate applies in the year 2014, and 15 per cent. tax rate applies from the year 2015 onwards.

Withholding tax

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and some other payments if such payments have source in Slovenia and are paid abroad.

Other Taxes

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Slovenia.

3. Financial Services Tax

The subject of taxation according to Financial Services Tax Act (*Zakon o davku na finančne storitve; ZDFS*) are the following services: a) granting and negotiation of credit or loans in monetary form and the management of credit or loans in monetary form by the person who is granting the credit or the person who is granting the loan; b) issuing of credit guarantees or any other security for money and management of credit guarantees by the person who is granting the credit; c) transactions, including negotiation, concerning deposit and current or transaction accounts, payments, transfers, debts, cheques and other negotiable instruments; d) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender; e) services provided by insurance brokers and agents.

A taxable person shall be any person who provides the financial services in the territory of the Republic of Slovenia. It shall be deemed that a financial service referred to in Article 3 of this Act has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a fixed establishment from which such financial service is provided or has his usual or permanent place of residence in the territory of Slovenia. It shall be also deemed that a financial service has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a place of establishment from which the service is provided or has or has his usual or permanent place of residence outside Slovenia, but may, in accordance with the existing legislation, provide the financial services in the territory of Slovenia directly to clients or recipients of services who have established their business or have a place of establishment or their usual or permanent place of residence in the territory of Slovenia.

Applicable tax rate is 6.5 per cent. and is chargeable on the commission of a financial service. It shall be deemed that a financial service has been provided when a fee for the commission of the service has been paid. The fee referred to in the preceding paragraph shall exclude interest payable by a contractor of services to a taxable person for the provision of the agreed financial service when such interest does not constitute the payment of fees by a taxable person for the service provided.

Portuguese Taxation

Noteholder's Income Tax

Income generated by the holding, distributions and disposal of the Notes is generally subject to the Portuguese tax regime for debt representative securities (*obrigações*).

Economic benefits derived from interest, amortisation, reimbursement premiums and other types of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

Withholding tax arising from the Notes

Payments of principal on the Notes to corporate entities or to individuals are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any remuneration component.

The Issuer is not responsible for the Portuguese withholding tax, whenever applicable, on interest payments arising from the Notes.

(i) *Corporate entities*

Under current Portuguese law, investment income payments in respect of the Notes made to Portuguese tax resident companies are included in their taxable income and is subject to a corporate tax rate (i) 23 per cent. or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent. for taxable profits up to € 15,000 and 23 per cent. on profits in excess thereof to, which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent., over the Noteholders taxable profits. Corporate taxpayers with a taxable income of more than € 1,500,000 are also subject to a state surcharge ("*derrama estadual*") rate of (i) 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €7,500,000; (ii) 5 per cent. on the part of the taxable profits exceeding €7,500,000 up to € 35,000,000, and (iii) 7 per cent. on the part of the taxable profits that exceeds € 35,000,000.

(ii) *Individuals*

As regards investment income on the Notes made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 28 per cent. if there is a Portuguese resident paying agent, unless the individual elects to include it in his taxable income, subject to tax at progressive personal income tax rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding € 80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding € 80,000 up to € 250,000, and (ii) 5 per cent on the remaining part (if any) of the taxable income exceeding € 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld is deemed a payment on account on the final tax due. Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Investment income payments due by non resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a rate of 28 per cent. whenever those payments are not subject to Portuguese withholding tax, unless the individual elects for aggregation to his taxable income, subject to tax at progressive

personal income tax rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding € 80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding € 80,000 up to € 250,000, and (ii) 5 per cent on the remaining part (if any) of the taxable income exceeding € 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld is deemed a payment on account on the final tax due.

Implementation of EU Savings Directive in Portugal

Portugal has implemented the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into the Portuguese law through Decree-Law no 62/2005, of 11 March, 2005, as amended by Law no 39-A/2005, of 29 July.

Spanish Taxation

The following discussion is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Spain, though it is not intended to be, nor should it be construed to be, legal or tax advice. In particular, prospective investors or beneficial owners of the Notes are advised to monitor the development of the tax reform announced in Spain which will affect the taxation of the Notes. This section does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in the Notes or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Notes and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, regional or local law in Spain, to which they may be subject.

Individuals with Tax Residence in Spain

Personal Income Tax

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore any income that Spanish holders of the Notes may receive under the Notes will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties).

Both types of income will be included in the savings part of the taxable income subject to Personal Income Tax and will be taxed in 2014 at the following tax rates: (i) financial income up to €6,000 at a rate of 21 per cent.; (ii) financial income from €6,001 to €24,000 at a rate of 25 per cent.; and (iii) any excess over €24,000 at a rate of 27 per cent. In principle, the applicable rates on this type of income are expected to be (i) for financial income up to €6,000: 20 per cent. as from 1 January 2015 and 19 per cent. as from 1 January 2016; (ii) for financial income from €6,001 to €50,000: 22 per cent. as from 1 January 2015 and 21 per cent. as from 1 January 2016; and (iii) for any amount in excess of €50,000: 24 per cent. as from 1 January 2015 and 23 per cent. as from 1 January 2016.

Spanish holders of the Notes shall compute the gross interest obtained in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

Income arising on the disposal, redemption or reimbursement of the Notes will be calculated as the difference between: (a) their disposal, redemption or reimbursement value; and (b) their acquisition or subscription value. Costs and expenses effectively borne by the holder on the acquisition and transfer of the Notes may be taken into account for calculating the relevant taxable income, provided that they can be duly justified.

Likewise, expenses relating to the management and deposit of the Notes, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Notes cannot be offset if the investor acquires homogeneous Notes within the two-month period prior or subsequent to the transfer of the Notes, until he/she transfers such homogeneous Notes.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

Wealth Tax

In accordance with Law 22/2013, of 23 December, Wealth Tax has been temporarily restored for the tax period 2014. Wealth Tax is levied on the net worth of an individual's assets and rights. The marginal rates range between 0.2 per cent. and 2.5 per cent. and some reductions could apply. Individuals with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Notes which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

Inheritance and Gift Tax

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

Legal Entities with Tax Residence in Spain

Corporate Income Tax

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for limited liability companies is currently 30 per cent. In principle, it is expected that the tax rate would be reduced to 28 per cent. in the year 2015 and to 25 per cent from the year 2016 onwards. However, in the tax year 2014, small sized companies (those companies whose net business income is lower than €10,000,000) can benefit from the reduced tax rate of 25 per cent. on the first €300,000 of their taxable profits. In addition to this, during the tax period commencing in 2014, companies with a net business income lower than €5,000,000 and an average staff of 25 employees could benefit from the reduced rate of 20 per cent. on the first €300,000 of their taxable profits, being the rest of the taxable profits subject to a tax rate of 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Notes, if any.

Individuals and legal entities with no Tax Residence in Spain

A non-resident holder of Notes, who has a permanent establishment in Spain to which such Notes are effectively connected with, is subject to Spanish Non-Residents' Income Tax on any income under the Notes, including both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Corporate Income taxpayers (explained above).

Spanish withholding tax

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Notes or intervenes as manager in the collection of any income under the Notes, such financial

institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Notes. Currently, the withholding tax rate in Spain is 21 per cent. In principle, it is expected that the withholding tax rate would be 20 per cent. as from 1 January 2015 and 19 per cent. as from 1 January 2016 onwards.

Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish tax resident individuals, or against final Spanish Corporate Income Tax liability, in the case of Spanish corporate, or against final Non-Residents' Income Tax, in the case of a Spanish permanent establishment of a non-resident holder of the Notes. However, holders of the Notes who are Corporate Income Taxpayers or Non-Residents' Income Taxpayers acting through a permanent establishment in Spain to which the Notes are effectively connected with can benefit from a withholding tax exemption when the Notes are listed in an OECD official stock exchange. This will be the case as the Notes are expected to trade on the Irish Stock Exchange's Regulated Market.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax (Royal Decree 439/2007, of 30 March) and Corporate Income Tax (Royal Decree 1777/2004, of 30 July) when intervening in the transfer or reimbursement of the Notes.

Indirect taxation

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a general discussion of the Issuer's understanding of current United Kingdom law and HM Revenue and Customs (HMRC) published practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of Interest on the Notes

Payments of interest on the Notes that do not have a United Kingdom source may be made without withholding on account of United Kingdom income tax.

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

EU Savings Directive

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

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to

include additional types of income payable on securities. The EU Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The proposed European financial transactions tax

On 14 February 2013, the European Commission published a proposal (the **Commission Proposal**) for a Directive for a common financial transaction tax (**FFT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would

potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthrough payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an agreement (the "**US-Italy IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-Italy IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder. Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together the **ICSDs**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary and common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

In respect of a Tranche of Notes issued under the Programme, a Manager or Managers (if so specified in the applicable Final Terms) or any other person or persons may enter into an agreement with the Issuer setting out the basis on which such Notes are to be purchased or subscribed. It is expected that any such Manager(s) or person(s) will agree to comply with the restrictions and agreements set out below (provided that references to "Manager" in the text below shall be read to refer to "person" as appropriate).

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

The Manager or, as the case may be, each Manager of an issue of Notes will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by such Manager or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Manager or, as the case may be, each Manager will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

In addition, each issuance of Notes may be subject to such additional U.S. selling restrictions as the Issuer and the relevant Manager may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), the Manager or, as the case may be, each Manager will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that relevant Member State (a **Public Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently

been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3 of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter *b*) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in

Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

Ireland

The Manager or, as the case may be, each Manager will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell any Notes except in conformity with the provisions of the Prospectus Directive and, where applicable, implementing measures in Ireland and the provisions of the Companies Acts 1963 to 2013 of Ireland and every other enactment that is to be read together with any of those Acts;
- (b) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;
- (c) it has complied and will comply with all applicable provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland, as amended, with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and is acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 (as amended) and it has complied with any applicable codes of conduct or practice made pursuant to implementing measures in respect of the foregoing Directive in any relevant jurisdiction; and
- (d) it has not offered or sold and will not offer or sell any Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

United Kingdom

The Manager or, as the case may be, each Manager will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer if it was not an authorised person; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in from or otherwise involving the United Kingdom.

Czech Republic

The Base Prospectus has not been and will not be approved by the Czech National Bank. No action has been taken (including the obtaining of the prospectus approval from the Czech National Bank and the admission to trading on a regulated market (as defined in section 55 of the Act of the Czech Republic No. 256/2004 Coll., on Conducting Business in the Capital Market, as amended (the Capital Market Act)) for the purposes of the Notes to qualify as securities admitted to trading on the European regulated market within the meaning of the Capital Market Act.

The Manager or, as the case may be, each Manager, has agreed that it has not offered or sold, and will not offer or sell, any Notes in the Czech Republic through a public offering, being - subject to several exemptions set out in the Capital Market Act - any communication to a broader circle of persons containing information on the securities being offered

and the terms under which they may acquire the securities and which are sufficient for the investor to make a decision to subscribe for, or purchase, such securities.

The Manager or, as the case may be, each Manager, will be required to represent and agree with the Issuer and each other Manager, if any, that it has complied with and will comply with all the requirements of the Capital Market Act and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued pursuant to Czech law or in the Czech Republic, the issue of the Notes being classed as "accepting of deposits from the public" by the Issuer in the Czech Republic under Sections 2(1) and 2(2) of the Act of the Czech Republic No. 21/1992 Coll., on Banks, as amended (the Banking Act) or requiring a permit, registration, filing or notification to the Czech National Bank or other authorities in the Czech Republic in respect of the Notes in accordance with the Capital Market Act, the Banking Act or the practice of the Czech National Bank.

The Manager or, as the case may be, each Manager, will be required to represent and agree with the Issuer and each other Manager, if any, that it has complied with and will comply with all the laws of the Czech Republic applicable to the conduct of business in the Czech Republic (including the laws applicable to the provision of investment services (within the meaning of the Capital Market Act) in the Czech Republic) in respect of the Notes.

The Manager or, as the case may be, each Manager, has not taken and will not take any action which would result in the issue of the Notes being considered an intention to manage assets by acquiring funds from the public in the Czech Republic for the purposes of collective investment pursuant to defined investment policy in favour of the investors under the Act of the Czech Republic No. 240/2013 Coll., on Management Companies and Investment Funds, (the MCIFA), which implements the Directive 2011/61/EU. Any issue, offer or sale of the Notes has been or will be carried out in strict compliance with the MCIFA.

Germany

The Notes may only be offered in Germany in compliance with the Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable German laws.

Hungary

In addition to the rules applicable to the European Economic Area as described above under "Public Offer Selling Restriction under the Prospectus Directive", in connection with any private placement in Hungary, the Manager or, as the case may be, each Manager, has represented and agreed that (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement, (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial and legal situation and its expected development, including that which was discussed in any personal consultation with an investor, and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

Poland

Pursuant to Article 7 of the Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, as amended (consolidated text, J. L. 2009, No. 185, item 1439) (the Act on Public Offerings), a public offering or admission of securities to trading on a regulated market requires an issue prospectus to be made available to the public. Pursuant to Article 37 of the Act of Public Offerings, securities of an issuer with its registered office in a Member State for which Poland is a host state may be offered in a public offering or admitted to trading on a regulated market in Poland on completing the passporting procedure described in that act.

Pursuant to Article 3 of the Act of Public Offerings, a "Public Offering" consists of making information available to at least 150 persons or to an unspecified addressee, in any form and manner, about securities and the conditions for the acquisition of them, provided that this information constitutes satisfactory grounds for making a decision on whether to acquire the securities for consideration.

Republic of Slovenia

The Notes may only be offered publicly in Slovenia if:

- (a) a prospectus in relation to the Notes has been published in Slovenia during the period of the last 12 months which has been previously approved either (i) by the Slovenian Securities Market Agency (*Agencija za trg vrednostnih papirjev*) (the **ATVP**) or (ii) by the competent authority of another member state of the European Union (each a **Member State**) and notified to the ATVP in accordance with Prospectus Directive; or
- (b) an exemption from the obligation to publish a prospectus, as provided in the Slovenian Market in Financial Instruments Act (*Zakon o trgu finančnih instrumentov*) (the **ZTFI**), applies to the following types of offers of securities:
 - (i) if the offer is addressed solely to qualified investors (*dobro poučeni vlagatelji*), as defined in the ZTFI; or
 - (ii) if the offer is addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors, or
 - (iii) if the offer is addressed to investors who have obtained the securities for the purchase price equalling at least €100,000 on the basis of accepting individual offers, or
 - (iv) for the offer the subject of which are securities denominated to at least €100,000 each, or
 - (v) securities included in an offer where the total selling price of the offer in the EU is less than €100,000, which limit shall be calculated over a period of 12 months.

For the purposes of the ZTFI, the term "**public offering**" means any communication to the persons given in any form and given by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities. This definition is also applicable to the sale (placement) of securities through financial intermediaries.

According to the ZTFI, the term "**qualified investor**" (*dobro poučeni vlagatelj*) includes, among others:

- (i) persons that must obtain appropriate authorisation from the competent supervisory authority of a Member State or a third country or in any other way obtain the right to operate on financial markets, namely credit institutions (*kreditne institucije*), investment companies (*investicijska podjetja*), other supervised financial companies (*druge nadzorovane finančne družbe*), insurance companies (*zavarovalnice*), reinsurance companies (*pozavarovalnice*), pension companies (*pokojninske družbe*), collective investment undertakings (*kolektivni naložbeni podjetji*), and the managers thereof, pension funds (*pokojninski skladi*) and the managers thereof, entities trading with commodities and derivative instruments on commodities (*osebe, ki trgujejo z blagom in izvedenimi instrumenti na blago*), local companies as defined in the second paragraph of the Article 14 of the Banking Act (*Zakon o bančništvu*) (**ZBan-1**), other institutional investors;
- (ii) large companies fulfilling at least two of the following conditions: (1) a total balance sheet reaching €20 million; (2) net annual total revenues from sales reaching €40 million; and (3) value of equity capital reaching €2 million;

- (iii) the Republic of Slovenia, and other countries or national and regional authorities, public law entities exercising public debt, the Bank of Slovenia and other central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations; and
- (iv) other institutional investors whose regular business operation is investing in financial instruments, including entities dealing with securitisation of assets or other financing transactions.

Slovak Republic

The Notes may only be offered in the Slovak Republic in compliance with Act No. 566/2001 on securities and investment services, as amended, and other applicable Slovak laws.

The Portuguese Republic

The Manager or, as the case may be, each Manager, and each further Manager appointed under the Programme and each other purchaser will be required to represent and agree, that the Notes might be offered to the public in Portugal under circumstances which are deemed to be a public offer (*oferta pública*) under the Portuguese Securities Code (*Código dos Valores Mobiliários (CVM)*) enacted by Decree Law no. 486/99 of November 13, as amended, subject to the fulfilment of the requirements and provisions applicable to public offerings in Portugal. The Manager or, as the case may be, each Manager has represented that, unless the requirements and provisions applicable to public offerings and private placements in Portugal, as the case may be, including Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários (CMVM)*) Regulation 2/2012 on complex financial products, are met, (i) no document, circular, advertisement or any offering material in relation to the Notes has been or will be subject to approval by the CMVM; (ii) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portugal, as the case may be; (iii) it has not, directly or indirectly, distributed, made available or caused to be distributed and will not, directly or indirectly, distribute, make available or cause to be distributed the Base Prospectus or any document, circular, advertisements or any offering material in Portugal. The Manager or, as the case may be, each Manager further represents and agrees, and each further Manager appointed under the Programme shall represent and agree, that (i) all offers, sales and distributions by it of the Notes have been and will only be made in Portugal in circumstances that, pursuant to the CVM, qualify as a private placement of Notes (*oferta particular*), all in accordance with the CVM and with CMVM Regulation 2/2012 on complex financial products, unless the requirements and provisions applicable to public offerings in Portugal are met; and (ii) pursuant to the CVM the private placement in Portugal or with Portuguese residents of Notes by public companies (*sociedades abertas*) or by companies that are issuers of securities listed on a market needs to be notified to the CMVM for statistical purposes; and (iii) it will comply with all applicable provisions of the CVM and any applicable CMVM Regulations and all relevant Portuguese laws and regulations, in any such case that may be applicable to it in respect of any offer, placement or sales of Notes by it in Portugal. The Manager or, as the case may be, each Manager has agreed that it shall comply with all applicable laws and regulations in force in Portugal, including (without limitation) the CVM, the CMVM Regulations and the Prospectus Regulation implementing the Prospectus Directive, regarding the offering, advertisement, distribution, submission to an investment-gathering procedure, sale, re-sale, re-offering or delivering of the Notes in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, and that such actions shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**). The Manager or, as the case may be, each Manager has represented and

agreed that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

The Manager or, as the case may be, each Manager will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefor.

Neither the Issuer nor any Manager represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Manager or, as the case may be, each Manager will be required to comply with such other restrictions as the Issuer and the Manager(s) shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 18 July 2014.

Listing of Notes and admission to trading

The Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List of the Irish Stock Exchange. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notes may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Irish Stock Exchange or any other stock exchange or market or Notes may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets as the Issuer may specify in the applicable Final Terms.

Documents Available

For so long as any Notes remain outstanding, copies and, where appropriate, English translations of the following documents will, when published, be available for inspection in hard copy during normal business hours at the specified office of the Issuer and at the office of the Paying Agent in Luxembourg namely:

- (i) the constitutional documents of the Issuer;
- (ii) the audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 2012 and the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 2012;
- (iii) the most recently published audited annual consolidated and non-consolidated financial statements and the most recently published un-audited semi-annual consolidated and non-consolidated financial statements (if any) of the Issuer;
- (iv) the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Base Prospectus;
- (vi) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that the Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to its holding of Notes and identity) to the Base Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be

specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Interests in the Notes may also be held through CREST through the issuance of CDIs representing Underlying Notes. The current address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London EC4M 5SB.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer at the time of the issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer since 31 March 2014 and there has been no material adverse change in the prospects of the Issuer since 31 December 2013.

Litigation

Save as disclosed in this Base Prospectus under "*Description of the Issuer – Legal and Arbitration Proceedings*", the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

External Auditors

KPMG S.p.A., with registered office at Via V. Pisani, 25, 20121 Milan, was appointed by the Issuer as its independent auditor to audit its financial statements for the period 2012-2020. KPMG S.p.A. is a member of *Assirevi-Associazione Nazionale Revisori Contabili*, the Italian association of auditing firms. KPMG S.p.A. audited the company financial statements and consolidated financial statements of the Issuer for the financial years ending 31 December 2012 and 31 December 2013, which are incorporated by reference in this Base Prospectus.

THE ISSUER

Banca IMI S.p.A.

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Italy

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Howald-Hesperange

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