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 in bearer or registered form (respectively, Bearer Notes and Registered Notes and, together, 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 trading as Euronext Dublin (**Euronext Dublin**) or other regulated markets for the purposes of Directive 2014/65/EU (**MiFID II**) or which are to be offered to the public in a Member State of the European Economic Area.

Application has been made to Euronext Dublin 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 Euronext Dublin is a regulated market for the purposes of MiFID II.

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 which are applicable to each Tranche of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes listed on Euronext Dublin, 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 Baa1 (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 stable outlook by S&P Global Ratings Italy S.r.l. (**S&P Global**) and BBB (long-term) and F2 (short term) with stable outlook by Fitch Ratings Ltd. (**Fitch**). Each of Moody's, S&P Global 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, S&P Global and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) 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 31 to 50.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Amounts payable under the Notes may be calculated or otherwise determined by reference to one or more reference rates that may constitute "benchmarks" for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "**Benchmark Regulation**" or "**BMR**"). If any such reference rate does constitute such a benchmark the applicable final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the BMR. Not every reference rate will fall within the scope of the Benchmark Regulation. Furthermore, pursuant to article 51 of the BMR, transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable final terms. The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable final terms to reflect any change in the registration status of the administrator.

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, delivered, or sold within the United States to, or for the account or benefit of, U.S. persons (as defined in regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. There will be no public offering of the Notes in the United States. See "*Subscription and Sale*".

The Notes will be issued in bearer form or in registered form. See "*Form of the Notes*" for further description of the manner in which Notes will be issued.

The date of this Base Prospectus is 3 July 2018.

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

Banca IMI S.p.A., with its registered office at Largo Mattioli 3, 20121 Milan (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 142 to 144 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 Bearer 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, as amended (the "Code"), and the U.S. 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 (http://www.bancaimi.prodottiequotazioni.com/EN) 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:

(a) is only valid during the Offer Period specified in the applicable Final Terms;

(b) 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, the Netherlands, the Grand Duchy of Luxembourg, Belgium, Croatia, Denmark, Sweden, Austria, Cyprus, Greece, Malta 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, the Netherlands, the Grand Duchy of Luxembourg, Belgium, Croatia, Denmark, Sweden, Austria, Cyprus, Greece, Malta 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, the Netherlands, the Grand Duchy of Luxembourg, Belgium, Croatia, Denmark, Sweden, Austria, Cyprus, Greece, Malta 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:

(a) 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 MiFID II (in which regard, Investors should consult the register maintained by the Financial Conduct Authority at: https://register.fca.org.uk/ or the applicable register in the Relevant Member State to which a Public Offer is made);

(b) **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 Propectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm thatwe 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 sets 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 nor 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 or its possessions, the European Economic Area (including the Republic of Italy, France, the United Kingdom, Spain Ireland, the Czech Republic, Germany, Hungary, the Republic of Poland, the Slovak Republic, the Netherlands, the Republic of Slovenia, the Portuguese Republic, the Grand Duchy of Luxembourg, Belgium, Croatia, Denmark, Sweden, Austria, Cyprus, Greece, Malta) and Japan (see "*Subscription and Sale*").

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.

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.

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.

TABLE OF CONTENTS

Page

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	This summary should be read as an introduction to the Base Prospectus and the applicable Final Terms. 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. 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. 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.
A.2	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**.
	[***Issue specific summary:***
	[Not applicable – The Issuer does not consent to the use of the Base Prospectus for subsequent resales.] [Not applicable - the Notes are not being offered to the public as part of a Public Offer.] *Consent:* 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) [, [*names of specific financial intermediaries listed in final terms*,] [and] [each financial intermediary whose name is published on the Issuer's website (http://www.bancaimi.prodottiequotazioni.com/EN) 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 2014/65/EU (**MiFID II**) and publishes on its website the following statement (with the information in square brackets being completed with the 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 Propectus, 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*".]
	Offer period: 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**).
	Conditions to consent: 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 *società per azioni* 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** In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan (approved on 6 February 2018 by the Board of Directors of Intesa Sanpaolo S.p.A.) the Issuer will be merged into the parent company Intesa Sanpaolo S.p.A.. Merger transactions could cause uncertainties to business operations, particularly when unrelated companies are involved. Considering that Intesa Sanpaolo S.p.A. is the parent company of Banca IMI and that the merger takes place between two entities belonging to the same banking group, such merger is not expected to have any material adverse effects on the business of Banca IMI or the parent company. There are no other 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	**Selected historical key financial information** The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2016 and 2017 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:

Audited Consolidated Balance Sheets for the year ending 31 December 2017 compared with corresponding figures for the year ending 31 December 2016

Assets	**31 December 2017**	**31 December 2016**
	(EUR thousand)	
Cash and cash equivalents	4	3
Financial assets held for trading	44,692,894	53,477,591
Available-for-sale financial assets	14,473,923	14,693,865
Due from banks	55,288,763	53,305,542
Loans to customers	32,965,588	27,798,310
Hedging derivatives	69,789	154,440
Equity investments	53,034	19,560
Property and equipment	562	848
Intangible assets	126	285
Tax assets	431,407	489,371
a) current	*207,467*	*251,068*
b) deferred	*223,940*	*238,303*
- of which as per Law no. 214/2011	*101,555*	*115,541*
Other assets	535,727	467,011
Total Assets	**148,511,817**	**150,406,826**

Liabilities and Equity	**31 December 2017**	**31 December 2016**
	(EUR thousand)	
Due to banks	71,615,809	60,716,591
Due to customers	15,195,941	18,989,914
Securities issued	7,798,648	11,282,639
Financial liabilities held for trading	48,076,068	53,551,620
Hedging derivatives	212,943	196,639
Tax liabilities	310,032	424,563
a) current	*295,733*	*410,436*
b) deferred	*14,299*	*14,127*
Other liabilities	370,182	450,312
Post-employment benefits	8,918	9,178
Provisions for risks and charges	22,340	30,387
a) pensions and similar obligations	*12*	*12*
b) other provisions	*22,328*	*30,375*
Fair value reserves	(131,168)	(131,153)
Equity Instruments	1,200,000	1,000,000
Reserves	1,617,916	1,600,694
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling	-	-

interests (+/-)		
Profit for the year	670,464	741,718
Total Liabilities and Equity	**148,511,817**	**150,406,826**

Audited Consolidated Income Statements for the year ending 31 December 2017 compared with corresponding figures for the year ending 31 December 2016

	31 December 2017	**31 December 2016**
	(EUR thousand)	
Interest and similar income	1,174,735	1,337,482
Interest and similar expense	(669,736)	(801,338)
Net interest income	504,999	536,144
Fee and commission income	504,943	599,097
Fee and commission expense	(173,166)	(217,026)
Net fee and commission income	331,777	382,071
Dividends and similar income	38,242	38,035
Profits (Losses) on trading	493,215	554,800
Profit (Losses) on hedging	3,812	(425)
Profits (Losses) on disposal or repurchase of:	178,675	150,754
a) *loans and receivables*	*(665)*	*1,481*
b) *available-for-sale financial assets*	*198,144*	*170,072*
c) *held-to-maturity investments*	-	-
d) *financial liabilities*	*(18,804)*	*(20,799)*
Total income	1,550,720	1,661,379
Impairment losses/reversal of impairment losses on:	(70,930)	(2,249)
a) *loans and receivables*	*(71,378)*	*(8,572)*
b) *available-for-sale financial assets*	*(469)*	*(1,618)*
c) *held-to-maturity investments*	-	-
d) other financial assets	*917*	*7,941*
Net financial income	1,479,790	1,659,130
Net banking and insurance income	1,479,790	1,659,130
Administrative expenses	(505,757)	(574,278)
a) *personnel expenses*	*(165,403)*	*(166,029)*
b) *other administrative expenses*	*(340,354)*	*(408,249)*
Net accruals to provision for risks and charges	(1,000)	(8,118)
Depreciation and net impairment losses on property and equipment	(301)	(346)
Amortisation and net impairment losses on intangible assets	(97)	(78)
Other operating income (expenses)	(15,317)	8,224
Operating expenses	(522,472)	(574,596)
Net gains on sales of equity investments	18,896	30,506
Pre-tax profit from continuing operations	976,214	1,115,040
Income tax expense	(305,750)	(373,322)
Post-tax profit from continuing operations	670,464	741,718
Profit for the year	670,464	741,718
Profit (loss) attributable to non-controlling interests	-	-
Profit attributable to the owners of the parent	**670,464**	**741,718**

No material adverse change statement

There has been no material adverse change in the prospects of the Issuer since 31 December 2017.

	Significant changes in the financial or trading position There has been no significant change in the financial or trading position of the Issuer since 31 December 2017.
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. In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan (approved on 6 February 2018 by the Board of Directors of Intesa Sanpaolo S.p.A.) the Issuer will be merged into the parent company Intesa Sanpaolo S.p.A.
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 three business segments: *Global Markets*, *Investment Banking* and *Structured Finance*.
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. In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan (approved on 6 February 2018 by the Board of Directors of Intesa Sanpaolo S.p.A.) the Issuer will be merged into the parent company Intesa Sanpaolo S.p.A..
B.17	**Credit ratings** The Issuer has been rated Baa1 (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 stable outlook by S&P Global Ratings Italy S.r.l. (S&P Global) 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 [*specify rating(s) of Series being issued*] by [*specify rating agent(s)*].
	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 (Bearer Notes) or registered form (Registered Notes). 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. (**Euroclear**) and Clearstream Banking S.A. (**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.
	[Issue specific summary
	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 initially be issued in global [bearer] [registered] form.] [The Notes will be issued in definitive registered form.] [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/the [•] interest payment date after the Issue Date, 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.
	[Issue specific summary
	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.
	[Issue specific summary
	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 *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.
	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 3 July 2018.
	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.
	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. [*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.
	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.
	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	**Interest and Redemption** ***Interest*** 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. **[*Issue specific summary*** [***Fixed Rate Interest[s]*** The Notes bear interest [from their date of issue/from [●]] to [●] at the fixed rate of [●] per cent. per annum [and from [●] to [●] at the fixed rate of [●] per cent. per annum]. The yield of the Notes is [●] per cent. per annum at maturity, calculated as the annual expected return as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. Interest will be paid in [*insert payment currency*] in arrear on [●] [and [●]] [in each year]. [The first interest payment will be made on [●]]]. [***Fixed Rate Reset Interest[s]*** 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 [*describe reference rate for Notes being issued*] [plus/minus] a margin of [●] per cent]. The yield of the Notes is [●] per cent. per annum at maturity, calculated as the annual expected return as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. Interest will be paid in [*insert payment currency*] in arrear on [●] [and [●]] in each year. [The first interest payment will be made on [●]]]. [***Floating Rate Interest[s]***

	The Notes bear interest [from their date of issue/from [●]] at [●] floating rate[s] calculated by reference to [*specify reference rate(s) or difference of reference rate(s), as applicable, for Notes being issued*] [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 [*insert payment currency*] in arrear on [●] [and [●]] in each year, subject to adjustment for non-business days. [The first interest payment will made on [●]]]. [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.] [The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]
	Redemption 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. ***[Issue specific summary*** Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [●] at [●]. [The Notes will be redeemed in [*insert payment currency*].] [The Notes may be redeemed early for tax reasons [or [*specify any other early redemption option applicable to the Notes being issued*]] at [*specify the early redemption price and any maximum or minimum redemption amounts, applicable to the Notes being issued*]. ***Representative of holders*** Not applicable – No representative of the Noteholders has been appointed by the Issuer.
C.10	**Derivative component on interest** [Not applicable – The Notes do not have a derivative component in the interest payment.] [*Insert if Minimum Rate of Interest and/or Maximum Rate of Interest is applicable:* The Notes are characterised by a pure bond component and an implied derivative component [which is represented by [a put option on the minimum rate sold by the Issuer to the investors] [●] [and/or] [a call option on the maximum rate sold by the investor to the Issuer] [●].]
C.11	**Listing and Admission to trading** Notes issued under the Programme may be listed on the Official List of Euronext Dublin and admitted to trading on the Regulated Market of Euronext Dublin, 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, market or trading venue specified below, or may be issued on an unlisted basis. The Notes may be listed or admitted to trading, as the case may be, on such other further stock exchange(s) or market(s) or trading venue(s) in the jurisdictions indicated in the applicable Final Terms, as determined by the

	Issuer. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and if so, on which stock exchange(s) and/or market(s) and/or trading venue(s).
	[***Issue specific summary:***
	[Application for Notes [has been] [is expected to be] made for [listing on the Official List of Euronext Dublin and for admission to trading on the Regulated Market of Euronext Dublin] [[and for] admission to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market].]
	[Application for Notes [has also been] [is expected also to be] made for [listing][admission to trading][*specify the market and/or trading venue(s) in Czech Republic, France, Germany, Hungary, Republic of Italy, The Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, United Kingdom, Grand Duchy of Luxembourg, Belgium, Croatia, Denmark, Sweden, Austria, Cyprus, Greece, Malta*][with effect from (or [after][around]) the Issue Date.]
	[Application may also be made by the Issuer (or on its behalf) to list the Notes on such further or other stock exchanges or regulated markets or admitted to trading on such other trading venues (including without limitation multilateral trading facilities) as the Issuer may determine.]
	[The Notes are not intended to be listed or admitted to trading.]

SECTION D – RISKS

D.2	**Key risks regarding the issuer** 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. These factors include: • In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan, Banca IMI will be merged into the parent company Intesa Sanpaolo S.p.A.. Merger transactions could cause uncertainties to business operations, particularly when unrelated companies are involved. Considering that Intesa Sanpaolo S.p.A. is the parent company of Banca IMI and that the merger takes place between two entities belonging to the same banking group, such merger is not expected to have any material adverse effects on the business of Banca IMI or the parent company; • Banca IMI's business may be adversely affected by international and Italian economic conditions, by financial markets trends, and by the developments and conditions in the markets in which Banca IMI operates; • 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 market risk; • Banca IMI's business is exposed to operational risks; • Banca IMI's business is exposed to liquidity risk; • Legal risks; • Banca IMI is exposed towards governments and other public bodies in Europe and outside the Eurozone; • Banca IMI's business is exposed to risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value and linked to the entry into force of new accounting principles and to the amendments to the applicable accounting principles ; • Banca IMI operates within a highly regulated industry and it is subject to the supervision activity carried out by the relevant institutions (in particular, the European Central Bank, the Bank of Italy and CONSOB); • In the normal course of its business, Banca IMI is exposed to different types of risk (liquidity risk, credit risk, operational risk, risks linked to the compliance, business risk, as well as reputational risk); and • Banca IMI's business is exposed to risk related to transactions in financial derivatives.
D.3	**Key risks regarding the Notes**
	There are also risks associated with specified types of Notes and with the Notes and the markets generally, including: • ***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. • ***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. (i) *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. (ii) *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. (iii) *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. 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. In particular, in the case of negative fluctuations of the relevant exchange rates, the potential investor may be exposed to a partial loss of the capital invested. (iv) *Maximum/ Minimum Rate of Interest* Potential investors should consider that where the underlying interest rate does not rise above the level of the Minimum Rate of Interest, comparable investments in notes which pay interests based on a rate which is higher than the Minimum Rate of Interest are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes may find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount. To the extent a Maximum Rate of Interest applies, investors should be aware that the Interest Rate is capped at such Maximum Rate of Interest level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affects the market value of the Notes. (v) *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. (vi) *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. (vii) *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. (viii) *Calculation Agent's Discretion and Conflicts of Interest* 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. (ix) *Risk arising from the Benchmark Regulation* The reference rate of the Notes qualifies as a benchmark (the "**Benchmark**") within the meaning of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**") which most provisions have been applied since 1 January 2018. According to the Benchmark Regulation, a Benchmark could not be used as such if its administrator does not obtain authorisation or is based on a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the "equivalence" conditions, is not "recognised" pending such a decision and is not "endorsed" for such purpose. Consequently, it might be not possible to further utilise the Benchmark as reference rate of the Notes. In such event, depending on the particular Benchmark and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted. Potential investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Notes. *[*(x) *Future discontinuance of LIBOR may adversely affect the value of the Notes* On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR announced that it does not intend to continue to use its powers to compel panel banks to submit rates

for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.]

- ***Risks related to Notes generally***

(i) *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.

(ii) *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.

(iii) *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.

(iv) *U.S. Foreign Account Tax Compliance Withholding*

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made after 31 December 2018, or if later, the date of publication of final U.S. Tresury Regulations defininf the term "foreign passthru payment". This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised 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 passthru payment are filed with the Federal Register, or are issued on or before the grandfathering date and are materially modified thereafter, 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.

[While the Notes are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. 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. FATCA 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. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Notes should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Notes. FATCA is particularly complex and its application to the Issuer, the Notes, and investors in the Notes are uncertain at this time. The application of FATCA to "foreign passthough payments" on the Notes or to Notes issued or materially modified after the grandfathering date may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable. On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "**IGA**"). The FATCA agreement between Italy and the United States entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015 (Law No. 95 dated 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015). Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in repect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service. Please consider that if the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. (v) *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. (vi) *Notes where denominations involve integral multiples: definitive Notes* 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. (vii) *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. (viii) *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. 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. (ix) *The Common Reporting Standard* The common reporting standard ("**CRS**") framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in or of increase international tax transparency. On 21 July 2014, the Standard for Exchange Financial Account Information in Tax Matters was published by the OECD an this includes the CRS The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) ("**FIs**") relating to account holders who are tax resident in other participating jurisdictions. Council Directive 2011/16/EU on Administrative co-operation in the Field of Taxation (as amended by Council Directive 2014/107EU) ("**DAC II**") implements CRS in a European context and creates a mandatory for all EU to exchange financial information in respect of resident in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria). At present, 102 jurisdictions have publicly committed to implement the CRS, with 49 being committed to start exchanges from September 2017 and a further 53 taking up exchanges in September 2018. The Issuer (or any nominated service provider) will agree that information (including to identify of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer's (or any nominated service provider's) used for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder or iv) as otherwise required by law or court order or on the advice of its advisors. *(x) United Kingdom's exit from the European Union* On 23 June 2016, the United Kingdom ("**UK**") held a referendum on the UK's membership of the EU. The result of the referendum's vote was to leave the EU, which creates several uncertainties within the UK, and regarding its relationship with the EU. The result is likely to generate further increased volatility in the markets and economic uncertainty which could adversely affect the Notes. Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. • ***Risks related to the market generally*** (i) *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. *(ii) The Issuer will act as liquidity provider* The Issuer may act as liquidity provider in relation to the Notes, among other things, also by publishing on his website the indicative value of the Notes determined by taking into consideration, for instance, the bid and ask prices in respect of the Notes and the hedging and/or unwinding costs. In this case, investors should take into account that such indicative value may significantly differ from the value of the Notes as quoted by other market makers and it should not be construed as the fair market price of such Notes nor as a fair estimation of consideration in respect of any disposal of such Notes. (iii) *Exchange rate risks and exchange controls* [The Issuer will pay principal and interest on the Notes in the Specified Currency] [*Insert if Dual Currency Interest and/or Dual Currency Redemption is specified as being applicable.* 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 and the

	risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. 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. (iv) *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]. (v) *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. (vi) *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*** (i) *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. (ii) *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*** (i) *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 depositaries 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.

SECTION E – OFFER

Element	
E.2b	**Use of proceeds** 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.
	[***Issue specific summary***
	[The net proceeds from the issue of Notes will be applied by the Issuer [for its general corporate purposes] [and] [*specify other*]].] [Not applicable - the Notes are not being offered to the public as part of a Public Offer.]
E.3	**Terms and conditions of the offer:** 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.
	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 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.
	Issue specific summary:
	[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	**Description of any interest of natural and legal persons involved in the issue/offer that is material to the issue/offer including conflicting interests** 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.
	Issue specific summary
	[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.] [Not applicable - the Notes are not being offered to the public as part of a Public Offer.]
E.7	**Expenses charged to the investor by the Issuer or an Authorised Offeror** [***Issue specific summary:***
	[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*] [Not applicable - the Notes are not being offered to the public as part of a Public Offer.]

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

Risk related to the merge of Banca IMI into the parent company Intesa Sanpaolo S.p.A.

On 6 February 2018 the Board of Directors of Intesa Sanpaolo S.p.A., the parent company of the Issuer, approved the Group's 2018-2021 Business Plan (the "**Plan**"). The Plan lays down measures aimed, *inter alia*, at cost reduction through further simplification of the operating model. According to the Plan, 12 legal entities of the Intesa Sanpaolo Group, including Banca IMI, will be merged into the parent company Intesa Sanpaolo S.p.A..

Merger transactions could cause uncertainties to business operations, particularly when unrelated companies are involved.

Considering that Intesa Sanpaolo S.p.A. is the parent company of Banca IMI and that the merger takes place between two entities belonging to the same banking group, such merger is not expected to have any material adverse effects on the business of Banca IMI or the parent company.

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

Banca IMI's business may be adversely affected in 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 State may leave the European Monetary Union or, in an extreme scenario, the European Monetary Union may be dissolved, may affect as well with unpredictable consequences Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects.

International macroeconomic situation is currently characterized by uncertainty, due in part to: (i) the recovery and strengthening of the economic growth of certain countries, such as United Stated and China, which have seen an important growth in the last years; (ii) the future developments of the monetary policy of the European Central Bank in the Euro-zone and of the Federal Reserve in the Dollar zone; (iii) the consequences of the United Kingdom's exit from the European Union (**Brexit**), insofar as the impacts of Brexit on United Kingdom's economy, on the international economy, on financial markets and on the Italian and Issuer's condition are not reasonably foreseeable; (iv) the Unites States commercial policies, tending to isolationism and protectionism, that may affect the world trade; (v) the Italian

political situation. Political tensions between the European Union and Turkey, and between the European Union and Russia, together with geopolitical conflicts, in particular in Syria, and with the increase in terrorist attacks, may adversely affect the European security and monetary situation.

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. In Italy, the acceleration in the economic growth depends on (i) the uncertainties which characterized the international framework; (ii) a fragile domestic demand; (iii) the improving of the labour market, which is still characterized by certain areas of weaknesses; (iv) the situation of public finances, despite some areas of flexibility negotiated with the European authorities, still restricts the use of taxation.

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 Banca IMI's counterparties creditworthiness 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 decreases 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 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 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. Among the main sources of operational risk there are: frauds, mistakes, business interruption, insecure information systems, failures to meet contractual obligations and finally 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 said risk is inherent in all corporate processes and activities.

Operational risk differs from credit and market risk since the Issuer does not assumed such type of risk on the basis of strategic choices, but it is inherent in Issuer's business.

Banca IMI is exposed to many types of operational risk, and operational losses, including fraud from employees and other third parties, non-authorized transactions from employees and operating errors which may result from inadequacies or failures in internal processes, systems (for example, information technology ("**IT**") systems).

Banca IMI has implemented risk controls and has taken other actions to mitigate exposures and/or losses. If any of policies and internal procedure of risks control used by Banca IMI fail or have other significant shortcomings, Banca IMI's business, financial condition and results of operations could be materially adversely affected.

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; as the risk of being unable to meet payment obligations caused by inability to obtain funding (the Funding Liquidity Risk) and the presence of restrictions on the ability to sell assets without incurring in a capital loss, due to the illiquid nature of the market and/or due to the timing required for the transaction (the Market Liquidity Risk).

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, to receive funds from external counterparties or from the Group, to sell assets or redeem investments or it may be affected by unexpected outflows of cash or the obligation to provide greater security. This situation may arise from circumstances not dependent on the Issuer's will, as market crisis, an operational issue which may affect the Issuer or third parties, or the perception of market participants are experiencing an increased liquidity risk. Liquidity risk or the loss of market confidence in financial institutions may increase Issuer's funding costs and limit its access to traditional funding sources.

The main sources of liquidity risk could be the failure of an important market participant or the concerns of breach by such market participants that could entail considerable liquidity issues or default by other banks, which in turn affects the Issuer. Moreover, a source of liquidity risk could be a downgrading in the credit rating of third parties in which the Issuer holds securities and bonds that could entail losses and/or have an adverse effect on the Issuer's ability to make new arrangements for such securities or bonds, or to utilize them in another manner for liquidity purposes.

Although the Issuer monitors constantly its liquidity risk, a potential adverse developments in markets situation, in the general economic scenario and /or in the Issuer's credit rating, accompanied by Issuer's need to adapt its liquidity situation to the law requirements introduced for the implementation of the new European legislation may adversely affect 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 2017, provisions for risks and charges are in the amount of approximately € 18.5 million. The valuations of the liabilities is calculated on the basis of the most recent information available and necessarily requires to rely on estimates and assumptions. Therefore, the provisions for risks and charges may be insufficient to cover the potential costs which could arise from the pending proceedings and the actual costs related to pending proceedings

might be significantly higher, with a resulting negative impact on Banca IMI's business, financial condition or results of operation.

Provisions for risks and charges refer to liabilities of an uncertain amount or maturity, which represent consequences deriving from a past event. Such provisions shall be charged to net income if it is probable that an outlay is due to meet obligations to pay compensation or the liabilities, and the amount of the provision could be calculated on the basis of valuations.

No provisions are made for liabilities that are merely potential but not probable.

Currently, the risk of outlay for pending proceedings is not considered probable or, otherwise, significant, or has involved cash disbursement.

For more detailed information, see Paragraph headed "Litigation" under Section headed "Description of Banca IMI S.p.A.".

Risks related to Banca IMI's exposure to sovereign debt

Banca IMI is exposed towards governments and other public bodies in Europe and outside the Eurozone.

As at 31 December 2017 the Issuer's exposure to the sovereign debt was about EUR 21.3 billion, compared to about EUR 20.9 billion as at 31 December 2016.

The worsening of sovereign debt could adversely affect Banca IMI's business, financial condition or operating results.

Risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value and linked to the entry into force of new accounting principles and to the amendments to the applicable accounting principles

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 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 financial markets' performance, the volatility of financial parameters and credit quality, all factors that by their very nature are unpredictable and may have a significant impact on interest rate movements, price fluctuations and counterparties creditworthiness. Consequently, the estimates and assumptions used may vary from time to time and, as a result, in subsequent financial years the current values may differ, even significantly, due to changes in subjective assessments made or be otherwise reviewed to take account of changes occurred in that period.

Moreover, in the context of the regulatory interventions to accounting principles, the Issuer is exposed to both the effects deriving from the entry into force of new accounting principles and to the amendments to the existing ones, in particular concerning the international accounting principles IAS/IFRS. In this respect, it should be considered the new international accounting principle IFRS 9 *"Financial Instruments"* that will replace principle IAS 39, concerning the classification and measurement of financial instruments.

Such new principle, approved by EU Regulation No. 2067/2016, entered into force on 1 January 2018. It is divided into three different areas:

classification & measurement: as regards this first area, a new model for the classification of financial assets is introduced, and it is guided, on one side, by the contractual characteristics of the cash flows of the instrument itself and, on the other, by the management intention (business model) with which the instrument is held.

impairment: with regard to this second area, for instruments recognised at amortized cost and at fair value through equity (different from equity instruments), a model is introduced based on the concept of "expected loss" instead of the

current “incurred loss”; the new model is intended to allow prompter recognition of impairment losses in the income statement. More specifically, IFRS 9 requires companies to record expected losses in the following 12 months (stage 1) right from the initial recognition of the financial instrument. The time frame for calculating the expected loss extends to the entire remaining life of the asset from the moment the credit quality of the financial instrument suffers a “significant” deterioration compared with the initial measurement (stage 2) or if it turns out to be “impaired” (stage 3);

hedge accounting: with reference to hedge accounting, the new model concerning specific hedges aims to align accounting elements with risk management activities and to strengthen the disclosure of risk management activities undertaken by the reporting entity.

The main expected impacts of applying the new standard include:

– the change in the accounting portfolios where nowadays financial instruments are classified according to IAS 39 and there is an expected increase in financial instruments measured at fair value;

– greater volatility in profit and loss due to the passage of financial instruments from stage 1 to stage 2 or vice versa, due to the different procedures for determining impairment and reversals of impairment compared to the current ones, and to greater convergence in the use of fair value through profit and loss;

– the greater the impact on the measurement of impairment in determining the expected “lifetime” loss on performing loans classified in stage 2, the greater the duration of each individual relationship;

– the redefinition of the mission of certain operating units – with the resulting implications on governance of portfolios, control procedures, risk measures and the related limits and ceilings.

The introduction of IFRS 9 may determine the reclassification of the financial instruments that are now measured at the amortised cost within the categories measured at fair value through income statement. Such reclassification depends on the asset management model and/or the specific characteristics of the individual instrument. At the same time, the adoption of the new impairment model will determine the remeasurement of the values recorded in the financial statements for the same instruments, which are consistent with the previsions of IAS 39.

Both such effects will be reflected in the Issuer's opening balance at 1 January 2018. The differences among the values determined on the basis of IAS 39 and those determined on the basis of IFRS 9 will be detected among the equity reserves at the moment of the new standard’s First Time Adoption (FTA); to those effects will be associated the corresponding fiscal effect. The effects of the evaluations of the same instruments following 1 January 2018 will be included within the Issuer's income statement or the equity reserves, for an amount corresponding to the difference with the detection of the FTA.

Based on the initial analyses conducted and on the current implementations, it is estimated that the effects on Banca IMI's equity and prudential requirements of the first-time adoption of the new accounting principle will not be critical compared with the present Banca IMI balance capital and regulatory levels. The final impact will mainly depend on the composition of the credit portfolios at the transition date, on the macroeconomic forecast for the future years that will be defined at the date of transition to IFRS 9 and on certain legal interpretation and implementing provisions that are still subject to the national and international debate.

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

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 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**"). The European Commission proposed a legislative package to strengthen the regulation of the banking sector through 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**, together with the **CRD IV**, the **CRR/CRD IV Package**). The CRD IV and the CRR have 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).

On 2 July 2014, the Directive 2014/59/EU of the Parliament and of the Council of the European Union establishing a framework for the recovery and resolution of credit institutions and investment firms (the **BRRD**) entered into force. It is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures or supervisory action would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest:

(i) the sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms;

(ii) the creation and use of a bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control);

(iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and

(iv) bail-in which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Notes to equity, which equity could also be subject to any future application of the bail-in tool.

The BRRD also provides as a last resort the right for a Member State, having assessed and utilised the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

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

When applying the bail-in, the resolution authority must first reduce or cancel common equity tier one, thereafter reduce, cancel, convert additional tier one instruments, then tier two instruments and other subordinated debts to the extent required and up to their capacity. If and if only this total reduction is less than the amount needed, the resolution authority will reduce or convert to the extent required the principal amount or outstanding amount payable in respect of unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings.

The BRRD excludes certain liabilities from the application of the bail-in tool and provides also that the resolution authorities may exclude or partially exclude certain further liabilities from the application of the bail-in tool. Accordingly, *pari passu* liabilities may be treated unequally and, for example, holders of Notes of a Series may be subject to write-down or conversion upon an application of the bail-in tool while other Series of Notes (or other *pari passu* ranking liabilities) are partially or fully excluded from such application of the bail-in tool. As a result, the claims of other holders of junior or *pari passu* liabilities may be excluded from the application of the bail-in tool and therefore the holders of such claims may receive a treatment which is more favourable than that received by Noteholders.

Furthermore, the resolution authorities will have the power to cancel debt instruments, and the power to amend or alter the maturity of debt instruments and other eligible liabilities or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

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

Furthermore, when implemented in the Member States, the relevant provisions, including the bail-in tool, may be applied to the outstanding financial instruments, even to those already issued before 1 January 2016 and, therefore, it may have retroactive effect. In addition, the BRRD does not prevent Member States, from amending national insolvency regimes to provide other types of creditors, such as holders of deposits or other operating liabilities of the Banca IMI with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors such as the Noteholders. In Italy, the provisions of the BRRD have been implemented into national law through Legislative Decrees no. 180 and no. 181, published in the Official Gazette on 16 November 2015 (the"**Decrees**").

Noteholders should be aware that, as part of the reforms introduced by the Decrees, an extended depositor preference will be applicable in national insolvency hierarchy. In particular, all deposits (including large corporate and interbank deposits) will be preferred in the insolvency hierarchy ahead of all other unsecured senior creditors. Therefore, in addition to the statutory preference provided by Article 108 of the BRRD to (i) covered deposits and (ii) non-covered deposits from natural persons and micro, small and medium-sized enterprises (preferred after covered deposits), applicable as of 16 November 2015, the Decrees establish a further preference for all other deposits that is expected to enter into force from 1 January 2019.

The Notes may thus be subject to write-down or conversion into equity on any application of the bail-in tool, which may result in such holders losing some or all of their investment.

The powers set out in the BRRD and in the Decrees will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Notes may be subject to writedown or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD and the Decrees or any suggestion of such exercise could therefore materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The Regulation 806/2014/EU of the European Parliament and of the Council of 15 July 2014 establishes a Single Resolution Mechanism (**SRM**) for the Banking Union (i.e. Euro-zone and participating countries). Under this Regulation, a centralised power of resolution is established and entrusted to a Single Resolution Board and to the national resolution authorities. The SRM is directly applicable in participating EU countries (including Italy) starting since 1 January 2016. It is aimed at ensuring a full harmonisation of the resolution, including the bail-in tool, in the Banking Union.

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 is monitored by the European Central Bank.

Such enhanced capital requirements, restrictions on liquidity, 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 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. Types of risk to which Banca IMI is subject include liquidity risk, credit risk, market risk, operational risk, reputational and legal risk among others.

There can be no assurance that Banca IMI's framework to manage risk, including such framework's underlying assumption, will be effective under all conditions and circumstances. There can be no assurance that, should Banca IMI's risk management prove to be ineffective and/or ineffective in certain conditions or circumstances, 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 is exposed to risk 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 2017 the Issuer's exposure to financial derivatives was about EUR 34 billion against overall financial assets for Euro 148 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 collaterals, if – against the exposure to financial derivatives - said collaterals may 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 the financial instruments held (including financial derivatives), 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:

(a) 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;

(b) 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;

(c) 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;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) 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. In particular, in the case of negative fluctuations of the relevant exchange rates, the potential investor may be exposed to a partial loss of the capital invested.

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.

In addition, 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.

Maximum/ Minimum Rate of Interest

Potential investors should consider that where the underlying interest rate does not rise above the level of the Minimum Rate of Interest, comparable investments in notes which pay interests based on a rate which is higher than the Minimum Rate of Interest are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes may find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount.

To the extent a Maximum Rate of Interest applies, investors should be aware that the Interest Rate is capped at such Maximum Rate of Interest level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affect the market value of the Notes.

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 (Issuer Call)

An optional redemption feature of Notes (Issuer Call) 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.

Risk arising from the Benchmark Regulation

The reference rate of the Notes may qualify as a benchmark (the "**Benchmark**") within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**"), most of which provisions have been applied since 1 January 2018. According to the Benchmark Regulation, a Benchmark could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the "equivalence" conditions, is not "recognised" pending such a decision and is not "endorsed" for such purpose. Consequently, it might be not possible to further utilise a Benchmark as reference rate of the Notes. In such event, depending on the particular Benchmark and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted.

Any changes to a Benchmark as a result of the Benchmark Regulation could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with the Benchmark Regulation. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain Benchmarks, trigger changes in the rules or methodologies used in certain Benchmarks, adversely affect the performance of a Benchmark or lead to the

disappearance of certain Benchmarks. Potential investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Notes.

Future discontinuance of LIBOR may adversely affect the value of the Notes

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR announced that it does not intend to continue to use its powers to complete panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on floating rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any floating rate Notes which reference LIBOR.

Risks related to the 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.

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 (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, **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.

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 implementation occurring by 1 January 2016. However, on 16 March 2016, Estonia completed the formalities required to cease participating in the enhanced cooperation on FTT.

On 27 January 2015, the Finance Ministers of Austria, Belgium, Estonia, France, Germany, Italy, Portugal, Slovakia, Slovenia and Spain issued a joint statement (the **Statement**) setting out their renewed commitment to agree on a directive implementing a financial transaction tax at the European Union level (EU FTT). The 2015 Statement notes that the EU FTT should be taxed on the widest possible base and at low rates. The participating Member States reiterated their "*willingness to create the conditions necessary*" to implement the EU FTT on 1 January 2016.

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. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made after 31 December 2018, or if later, the date of publication of final U.S. Tresury Regulations defininf the term "foreign passthru payment", This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date" which is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register, or are issued on or before the

grandfathering date and are materially modified thereafter, 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.

While the Notes are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. 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. FATCA 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. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the clearing systems (as bearer or registered holder of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Securities should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Notes.

FATCA is particularly complex and its application to the Issuer, the Notes, and investors in the Notes are uncertain at this time. The application of FATCA to "foreign passthough payments" on the Notes or to Notes issued or materially modified after the grandfathering date may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "**IGA**"). The FATCA agreement between Italy and the United States entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015 (Law No. 95 dated 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015). Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in repect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

Please consider that if the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Common Reporting Standard

The common reporting standard ("CRS") framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in or of increase international tax transparency.

On 21 July 2014, the Standard for Exchange Financial Account Information in Tax Matters was published by the OECD an this includes the CRS The goal of the CRS is to provide for the annual automatic exchange between governments of

financial account information reported to them by local reporting financial institutions (as defined) ("FIs") relating to account holders who are tax resident in other participating jurisdictions.

Council Directive 2011/16/EU on Administrative co-operation in the Field of Taxation (as amended by Council Directive 2014/107EU) ("DAC II") implements CRS in a European context and creates a mandatory for all EU to exchange financial information in respect of resident in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).

At present, 102 jurisdictions have publicly committed to implement the CRS, with 49 being committed to start exchanges from September 2017 and a further 53 taking up exchanges in September 2018.

The Issuer (or any nominated service provider) will agree that information (including to identify of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer's (or any nominated service provider's) used for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder or iv) as otherwise required by law or court order or on the advice of its advisors.

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.

United Kingdom's exit from the European Union

On 23 June 2016, the United Kingdom ("**UK**") held a referendum on the UK's membership of the EU. The result of the referendum's vote was to leave the EU and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances.

There are a number of areas of uncertainty in connection with the future of the UK and its relationship with the European Union and the negotiation of the UK's exit terms and related matters may take several years. Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on general economic conditions in the UK and the European Union. It is also not possible to determine the impact that these matters will have on the Issuer or any other party to the transaction documents, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under EU regulation or more generally.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 or price maker in the secondary market in respect of any Notes, this may, in certain circumstances, affect the price of the Notes in the secondary market.

In the event that an entity is appointed as price maker pursuant to the Italian Securities and Exchange Commission (CONSOB) communication no. DEM/DME/9053316 of 8 June 2009 (as supplemented or amended) or in the case of agreements relating to the repurchase of the Notes at pre-determined conditions pursuant to the Italian Securities and Exchange Commission (CONSOB) resolution no. 18406 of 13 December 2012 (as supplemented or amended), the Issuer will provide the information required by the above communication and resolution, also in respect of any applicable trading commission.

The Issuer will act as liquidity provider

If the relevant Final Terms provide so, the Issuer may act as liquidity provider in relation to the Notes, among other things, also by publishing on his website the indicative value of the Notes determined by taking into consideration, for instance, the bid and ask prices in respect of the Notes and the hedging and/or unwinding costs. In this case, investors should take into account that such indicative value may significantly differ from the value of the Notes as quoted by other market makers and it should not be construed as the fair market price of such Notes nor as a fair estimation of consideration in respect of any disposal of such Notes.

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 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 depositaries 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 "*Subscription and Sale*").
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 may be issued in bearer form or in registered form, as described in "*Form of the Notes*". The applicable Final Terms will specify whether U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) or any successor U.S. Treasury Regulations Section including, without limitation, Regulations issued in

accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010 (the "**TEFRA D Rules**") or U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) or any successor U.S. Treasury Regulations Section including, without limitation, Regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010 (the "**TEFRA C Rules**") (TEFRA C Rules and TEFRA D Rules are referred to collectively herein as the "**TEFRA Rules**") are applicable in relation to the Notes issued in bearer form, provided that if the Notes in bearer form do not have a maturity or more than 365 days, the applicable Final Terms will specify that the TEFRA Rules are not applicable. Notes to which the TEFRA Rules apply will 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 S.A. and/or any other relevant clearing system. Global securities may be exchanged for definitive securities only in the limited circumstances described in "*Form of the Notes*".

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:

(a) 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

(b) 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:

(a) 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

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) as the difference between two rates which may be determined in accordance with either (a) or (b) 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 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 2016 (available at https://www.bancaimi.com/en/bancaimi/chisiamo/documentazione/bilanci):

	2016 Company Financial Statements	*2016 Consolidated Financial Statements*
Balance sheet (Statement of financial position)	Pages 70 - 71	Pages 322
Income statement	Page 72	Pages 323
Changes in shareholders' equity	Pages 73	Pages 324
Statement of cash flows	Pages 74 - 75	Pages 325
Accounting principles and explanatory notes	Pages 76 - 77	Pages 326-327
Auditors' report	Pages 241 - 244	Pages 419 - 422

(b) The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2017 (available at https://www.bancaimi.com/en/bancaimi/chisiamo/documentazione/bilanci):

	2017 Company Financial Statements	*2017 Consolidated Financial Statements*
Balance sheet (Statement of financial position)	Pages 70 - 71	Pages 328
Income statement	Page 72	Pages 329
Changes in shareholders' equity	Pages 73	Pages 330
Statement of cash flows	Pages 74 - 75	Pages 331
Accounting principles and explanatory notes	Pages 76 - 77	Pages 332 - 333
Auditors' report	Pages 243 - 251	Pages 431 - 439

(c) The Terms and Conditions set out in the base prospectus dated 7 July 2017, as from time to time supplemented, relating to the Programme (available at http://www.ise.ie/debt_documents/Banca%20IMI%20-%20EMTN%20Programme%202017%20(clean)_578fd336-eed4-463f-b922-3274e3de8531.pdf):

Terms and Conditions	Pages 84 – 122

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

The Notes of each Series will be in either bearer form, with or without interest Coupons attached (**Bearer Notes**), or registered form, without Coupons attached (**Registered Notes**). Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Bearer Notes

The applicable Final Terms will specify whether the TEFRA D Rules or the TEFRA C Rules are applicable in relation to the Bearer Notes, provided that if the Notes do not have a maturity of more than 365 days, the applicable Final Terms will specify that the TEFRA Rules are not applicable.

An issuance of Notes to which the TEFRA C Rules apply may initially be represented by a permanent global note (a **Permanent Bearer Global Note**) or a temporary bearer global note (a **Temporary Bearer Global Note**) (Permanent Bearer Global Notes and Temporary Bearer Global Notes are referred to collectively herein as **Bearer Global Notes**). In all other cases, each Tranche of Notes with a maturity of more than 365 days will be initially issued in the form of a Temporary Bearer Global Note. In either case, the Bearer Global Notes will:

(a) if the Bearer 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 S.A. (**Clearstream, Luxembourg**); and

(b) if the Bearer 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 depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

If the Notes are intended to be held in a manner which would allow Eurosystem eligibility, this will mean that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper (and, in case of registered notes, registered in the name of a nominee of one of the ICSDs acting 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.

Whilst any Bearer Note is represented by a Temporary Bearer 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 Bearer Global Note (if the Temporary Bearer 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 United States persons or persons who have purchased for resale directly or indirectly to any United States person or to a person within the United States, 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 Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Bearer Global Note of the same Series against certification of beneficial ownership in accordance with U.S. Treasury Regulations, as described above unless such certification has already been given. The holder of a Temporary Bearer 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 Bearer Global Note for an interest in a Permanent Bearer Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent

Bearer Global Note (if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

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 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) and have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) as a result of a change in law, 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 Bearer Notes (other than Temporary Bearer Global Notes) with a maturity of more than 365 days and on all and interest coupons relating to such Notes:

"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.

Registered Notes

Registered Notes of each Tranche will initially be represented by a global note in registered form, without Receipts or Coupons, (a **Registered Global Note**) which will be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or, in the case of Registered Global Notes issued under the new global note structure, registered in the name of a nominee of one of the International Central Securities Depositaries acting as Common Safekeeper, as specified in the applicable Final Terms. Prior to expiry of the Distribution Compliance Period applicable to each Tranche of the Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 1 of the Terms and Conditions of the Notes and such Registered Global Note will bear a legend regarding such restrictions on transfer.

For so long as any of the Notes is represented by a Registered Global Note issued under the new global note structure and held by a Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as entitled to a particular nominal amount of Notes shall be deemed to be the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal, premium (if any), interest or other amounts on such Notes, for which purpose the registered holder (as shown in the Register) of the relevant Registered Global Note, such Common Safekeeper, shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the relevant Registered Global Note and the expressions "Noteholder" and "Noteholders" and related expressions shall be construed accordingly. Transfers of beneficial interests in the underlying Registered Notes represented by a Registered Global Note will be effected only through the book-entry system maintained by Euroclear and/or Clearstream, Luxembourg.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under certain circumstances, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the persons shown on the Register (as defined in Condition 1(a) of the Terms and Conditions of the Notes) as the registered holder of the Registered Global Notes. None of the Issuer any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of

beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 4(i) of the Terms and Conditions of the Notes) immediately preceding the due date for payment in the manner provided in that Condition. A Registered Note in definitive form may be transferred by the transferor or a person duly authorised on behalf of the transferor (i) surrendering the Registered Note, and (ii) depositing at the specified office of the Registrar a duly completed transfer certificate (a **Transfer Certificate**) in the form set out in the Agency Agreement (copies of which are available from the Registrar) signed by or on behalf of the transferor. The Registrar shall, after due and careful enquiry, and upon being satisfied with the documents of title and the identity of the person making the request, subject to the regulations set out under the Agency Agreement, enter the name of the transferee in the Register for the definitive Registered Notes as the noteholder of the Registered Notes specified in the form of transfer.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without Receipts, Coupons or Talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default 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, in any such case, 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 Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 of the Terms and Conditions of the Notes 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 Registered Global Note) may give notice to the Registrar 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 Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

General

Notes which are represented by a Bearer Global Note or Registered Global Note (together, 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 and, in the case of Notes represented by a Registered Global Note, the corresponding entry in the Register kept by the Registrar will become void. 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 on or about 3 July 2018 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 [:

(a) 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

(b) 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 3 July 2018 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus [for the purposes of the Prospectus Directive] [1] (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4

[1] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

of the Prospectus Directive][2] 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 Euronext Dublin (http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=643&FIELDSORT=docId), the Central Bank of Ireland (http://www.centralbank.ie) and the Issuer's website (https://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents). 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 7 July 2017 which are incorporated by reference in the Base Prospectus dated 3 July 2018. 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 Euronext Dublin (http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=643&FIELDSORT=docId), the Central Bank of Ireland (http://www.centralbank.ie) and the Issuer (https://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents).

[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.][3]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[*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

[2] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

[3] Delete where the Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

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 consolidated and form a single Series:	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, as referred to in paragraph 28 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.		Form of Notes:	[Bearer/Registered]
11.		Interest Basis:	[[ ] per cent. [per annum] 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 21 below] [[LIBOR/EURIBOR] +/-[ ] per cent. Floating Rate] [Floating Rate: CMS Rate Linked Interest] [Floating Rate: Difference in Rates] [Zero Coupon] (further particulars specified below) [*specify benchmark(s)*] [is/are] provided by [*insert administrator(s) legal name(s)*] [*repeat as necessary*]. [As at the date of these Final Terms, [*insert administrator(s) legal name(s)*] [appear[s]]/[[does]/[do] not appear] [*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.][As far as the Issuer is aware, [[*insert benchmark(s*)] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that Regulation] [*repeat as necessary*] *OR* [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [*insert administrator(s) legal name(s)*] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). [*repeat as necessary*].]

12.	Redemption/Payment Basis:	Redemption at par
13.	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 19, 20, 21 and 22 below and identify there)*
14.	Put Options:	[Investor Put] [*specify whether or not a redemption of the Note will occur upon the exercise of the Investor Put*] [*If redemption of the Note will not occur specify further particulars*] [*If redemption of the Note will occur*: further particulars specified below]
15.	Call Options:	[Issuer Call] [(further particulars specified below)]
16.	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):	[ ]
17.	Tax Gross-Up:	[Condition 7(i) applicable]/[Condition 7(ii) applicable]
18.	Method of distribution:	[Syndicated/Non-syndicated/Not applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

19.	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].

(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)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not applicable]
(iv)	Additional Business Day Centre(s):	[ ]/[Not applicable]
(v)	Interest Accrual Date(s):	[The Interest Accrual Dates are [ ] [in each year up to and including the Maturity Date].] [The Interest Accrual Dates shall be the Interest Payment Dates.]
(vi)	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)*
(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 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))*
(ix)	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.]

20. 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]

(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)*

– 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 Accrual Date(s): [The Interest Accrual Dates are [ ] [in each year up to and including the Maturity Date].] [The Interest Accrual Dates shall be the Interest Payment Dates.]

(vii) Interest Amount(s): [ ] per Calculation Amount]/[Not applicable]

(Applicable to Notes in definitive form)

(viii) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]

(Applicable to Notes in definitive form)

	(ix)	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))*
	(x)	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.*]
	(xi)	Reset Margin(s):	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (iv) above*)
	(xii)	Reset Determination Date(s):	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (iv) above*)
	(xiii)	Reset Rate Time:	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (iv) above*)
	(xiv)	Relevant Financial Centre:	[ ]/Not applicable (*Delete if Reset Rate(s) specified in sub-paragraph (iv) above*)
21.	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)	Interest Period(s):		[ ].
	(ii)	Interest Accrual Dates:	[ ].
	(iii)	Interest Payment Date(s):	[ ] in each year up [to and including the Maturity Date]]/[*specify other*]. The first Interest Payment Date is [ ].
	(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day

		Convention/Preceding Business Day Convention]/[Not applicable]
(v)	Additional Business Centre(s):	[ ]/[Not applicable]
(vi)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/Difference in Rates]
(vii)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(viii)	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)

(ix)	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)*
(x)	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:		
		[[ ] month [LIBOR/EURIBOR]]/[CMS Rate]

–	Reference Rate(s):	[London/Brussels/*specify other Relevant Financial Centre*] (*only relevant for CMS Rate*)
–	Relevant Financial Centre:	[ ] (*only relevant for CMS Rate*)
–	Reference Currency:	[ ] (*only relevant for CMS Rate*)
–	Designated Maturity:	[ ] in the Relevant Financial Centre (*only relevant for CMS Rate*)
–	Specified Time:	[ ]
–	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)
	(xi)	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*)]
	(xii)	Margin(s):	[Not applicable]/[[+/-] [ ] per cent. per annum]
	(xiii)	Rate Multiplier:	[Not applicable]/[[ ] per cent.]
	(xiv)	Minimum Rate of Interest:	[ ]/[Not applicable]
	(xv)	Maximum Rate of Interest:	[ ]/[Not applicable]
	(xvi)	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))*
22.	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 19, 20 and 21 (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 on or prior to the relevant Switch Option Expiry Date*)]
	(iii)	Switch Option Expiry Date:	[ ]
	(iv)	Switch Option Effective Date(s):	[ ]

23.	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 Early Redemption Amounts and late payment:	[30/360]/[Actual/360]/[Actual/365]

PROVISIONS RELATING TO REDEMPTION

24.	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:	[ ] (*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.*)
25.	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 :	[ ] (*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.*)

26.	Final Redemption Amount of each Note	[[ ] per Calculation Amount]
27.	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default:	[[ ]/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

28. Form of Notes:

(a)	Form of Notes:	[Permitted for TEFRA D Notes, TEFRA C Notes and Bearer Notes to which TEFRA does not apply - Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Permitted for TEFRA C Notes and Bearer Notes to which TEFRA Rules are not applicable - Temporary Bearer Global Note exchangeable for definitive Bearer Notes on and after the Exchange Date] [Permitted for TEFRA C Notes and Notes to which TEFRA Rules are not applicable - Permanent Bearer Global Note exchangeable for definitive Bearer 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*.) [Registered Global Note (US$/€[ ] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and]/Registered Notes in definitive form (specify nominal amounts)]
(b)	New Global Note:	[Yes/No]
29.	Additional Financial Centre(s)	[Not applicable/*give details*] (*Note that this paragraph relates to the place of payment and not to Interest Payment Dates*)

30.	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.]
31.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not applicable] (*If the Notes clearly do not constitute "packaged" products, "Not applicable" should be specified. If the Notes may constitute "packaged" products or constitute "packaged" products but will be offered to qualified investors only and no KID will be prepared, "Applicable" should be specified*).

[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:	[Ireland[,]] [and] [the Republic of Italy[,]] [and] [France[,]] [and] [Germany[,]] [and] [the United Kingdom[,]] [and] [Spain[,]] [and] [the Portuguese Republic[,]] [and] [the Czech Republic[,]] [and] [Hungary[,]] [and] [the Republic of Poland[,]] [and] [the Slovak Republic[,]] [and] [the Netherlands[,]] [and] [the Republic of Slovenia[,]] [and] [Grand Duchy of Luxembourg[,]] [and] [Belgium[,]] [and] [Croatia[,]] [and] [Denmark[,]] [and] [Sweden[,]] [Austria[,]] [and] [Cyprus[,]] [and] [Greece[,] [and] [Malta[,] [and] [None]
(ii)	Admission to trading	[Application for Notes has been made/ is expected to be made for [listing on the Official List of Euronext Dublin and for admission to trading on the Regulated Market of Euronext Dublin] [for admission to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market].] [Application for Notes has also been made/ is expected also to be made for [listing][admission to trading][*specify details of the relevant market/trading venue*] [Application may also be made by the Issuer (or on its behalf) to list the Notes on such further or other stock exchanges or regulated markets or admitted to trading on such other trading venues (including without limitation multilateral trading facilities) as the Issuer may determine.] [Not applicable.] [*Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading*]
(iii)	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, S.A. 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 S.A.. 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 registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is held under the new safekeeping structure (**NSS**))] *[Include this text for registered notes which are to be held under the NSS]*] 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 [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is held under the new safekeeping structure (**NSS**))] *[Include this text for registered notes which are to be held under the NSS]*]. 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,	[Not applicable/*give name* [*and address*]**]

	if applicable:	
(v)	Total commission and concession**:	[[ ] per cent, of the Aggregate Nominal Amount][*specify other*]**
(vi)	US Selling Restrictions:	[Reg. S compliance category 2]; [TEFRA D/TEFRA C/TEFRA not applicable]
(vii)	Public Offer:	[Applicable]/[Not applicable] (*If not applicable, delete the remaining placeholders of this paragraph (vii) and also paragraph 10 below*)
Public Offer Jurisdictions:		[[Republic of Ireland,] [and] [the Republic of Italy,] [and] [France,] [and] [Germany,] [and] [the United Kingdom,] [and] [Spain,] [and] [the Portuguese Republic,] [and] [the Czech Republic,] [and] [Hungary,] [and] [the Republic of Poland,] [and] [the Slovak Republic,] [and] [the Netherlands,] [and] [the Republic of Slovenia,] [and] [Grand Duchy of Luxembourg,] [Belgium,] [and] [Croatia,] [and] [Denmark,] [and] [Sweden,] [Austria,] [and] [Cyprus,] [and] [Greece,] [and] [Malta].]
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 use 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(vii) 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 offer are to be made public:	[Not applicable/*give details*]
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:	[Not applicable/*give details*][[*specify*] will be appointed as [registered market maker[s]][liquidity provider[s]][price 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:

(a) in relation to any Notes represented by a Note in global form (a **Global Note**, which term shall include any Bearer Global Note or Registered Global Note), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) 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 on or about 3 July 2018 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch in its capacity as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor agent), transfer agent (**Transfer Agent**) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and BNP Paribas Securities Services, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar). The Principal Paying Agent, Registrar and Transfer Agents are referred together as the **Agent**.

Interest bearing definitive Bearer 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 on or about 3 July 2018 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary 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 Euronext Dublin, the Final Terms will be published on the website of Euronext Dublin 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:

$$\mathrm{RP} \times (1 + \mathrm{AY})^{y}$$

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.

Bearer Global Note means a global note (temporary (a **Temporary Global Note**) or permanent) in bearer form.

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.

BRRD means Directive 2014/59/EU of the Parliament and of the Council of the European Union establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time;

Clearstream, Luxembourg means Clearstream Banking S.A..

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 Interest Period is equal to or shorter than the Determination Period during which the relevant Interest Period ends, the number of days in such Interest 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 Interest Period is longer than the Determination Period during which the Interest Period ends, the sum of:

(A) the number of days in such Interest Period falling in the Determination Period in which the Interest 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 Interest 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:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" 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 D_1 is greater than 29, in which case D_2 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 Accrual Date (or, if none, the Interest Commencement Date) to (but excluding) the next relevant accrual 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:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" 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 D_2 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:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" 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 D_1 will be 30; and

"D_2" 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 D_2 will be 30.

Determination Date means the date(s) specified in the applicable Final Terms.

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 Accrual 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 Accrual Date means the dates specified as such in the relevant Final Terms.

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

Italian Bail-in Power means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to (i) the transposition of the BRRD (in including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time; and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

Italian Resolution Authority means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled) or in the European Union having primary responsibility for the prudential oversight and supervision of the Issuer acting in its capacity as resolution authority within the meaning of Article 2(18) of the BRRD.

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.

Nominal Amount means the nominal amount of a Note as specified in the applicable Final Terms.

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.

Registered Global Note means a global note in registered form.

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

(a) Form, Denomination and Title

The Notes are in bearer form (**Bearer Notes**) or registered form (**Registered Notes**) 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. Registered Notes may not be exchanged for Bearer Notes or an interest therein and *vice versa*. 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 Bearer Notes are issued with coupons for the payment of interest (**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 Bearer Notes and the Coupons will pass by delivery and title to Registered Notes will pass upon registration of transfers in the Register (as defined below) and surrender of the Bearer Notes in accordance with the provisions of the Agency Agreement. 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.

The Issuer has appointed the Registrar at its office specified below to act as registrar of the Registered Notes. The Issuer shall cause to be kept at the specified office of the Registrar for the time being at 60 avenue J.F. Kennedy L-2085 Luxembourg, a register (the **Register**) on which shall be entered, *inter alia*, the name and address of the holder entitled to payments of principal and stated interest on the Registered Notes, the amount and type of the Registered Notes held by each holder and particulars of all transfers of title to the Registered Notes. The entries in the Register shall be conclusive absent manifest error and the Issuer and the Agents may treat the person whose name is recorded in the Register pursuant to the Terms and Conditions as the holder of such Notes for purposes of the payment of principal or interest on such Notes.

For so long as any of the Notes is represented by a Bearer Global Note or a Registered 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 Bearer Global Note or the registered holder (as shown in the Register) of the relevant Registered 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.

(b) Transfers of Registered Notes

(i) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected only through the book-entry system maintained by Euroclear, or Clearstream, Luxembourg as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be and in accordance with the terms and conditions specified in the Agency Agreement.

(ii) Transfers of Registered Notes in definitive form

Subject as provided in paragraph (v) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, and upon being satisfied with the documents of title and the identity of the person making the request, enter the name of the transferee of the definitive Registered Notes in the Register as the noteholder of the Registered Notes. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(iii) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 5, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(iv) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(v) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time. Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Registered Global Note may be made to a transferee in the United States or who is a U.S. person under Regulation S (or for the account or benefit of such person) only pursuant to an exemption from the registration requirements of the Securities Act and in accordance with any applicable securities laws of any State of the US or any other jurisdiction.

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Notes.

(c) Transfers of Bearer Notes

For so long as the Bearer Notes are represented by a Bearer Global Note, all transactions (including transfers of Notes) in the open market or otherwise must be effected through an account with Euroclear, or Clearstream, Luxembourg, as the case may be, subject to and in accordance with the rules and procedures for the time being of Euroclear, or Clearstream, Luxembourg as the case may be,

Any transfer or attempted transfer of Bearer Notes within the United States or to, or for the account or benefit of, a United States person in violation of the TEFRA Rules (as defined in Form of Notes) shall be null and void *ab initio* and shall vest no rights in the purported transferee (the "**Disqualified Transferee"**) and the last preceding holder that was not a Disqualified Transferee shall be restored to all rights as a noteholder thereof retroactively to the date of transfer of such interest by the relevant noteholder.

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 Interest Accrual Dates, 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. Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) the first Interest Accrual Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Accrual 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) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

2) 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

3) 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.

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 relevant Interest Period 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:

(B) 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

(C) 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 Interest Accrual Dates, 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) the relevant accrual 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:

1) 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,

2) in each case, multiplying such result by the applicable Day Count Fraction.

The resultant figure will be rounded 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 (i) the amount (determined in the manner provided above) for the Calculation Amount, (ii) the Specified Denomination and (iii) 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 Interest Payment Dates, any Interest Period, any Interest Accrual Dates, any 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 the Interest Payment Date(s) specified in the applicable Final Terms.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) the first Interest Accrual Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Accrual 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) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

2) 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

3) 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:

1) 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,

2) in each case, multiplying such result by the applicable Day Count Fraction.

The resultant figure will be rounded 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 (i) the amount (determined in the manner provided above) for the Calculation Amount and (ii) 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 by 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– Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the **Record Date**). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or integral multiples of U.S.$1,000 in excess thereof) (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (i) (in the case of payment in a Specified Currency other than euro) a bank in the

principal financial centre of the country of such Specified Currency; and (ii) (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

Neither the Issuer nor any of the Agents 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 Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(ii) Method of payment – Bearer Notes

Payments of principal in respect of Bearer Notes will be made against presentation outside the United States and surrender of the relevant Bearer Notes to the Issuer and Paying Agent at the office of the Principal Paying Agent outside of the United States as specified in the applicable Final Terms.

Payments of interest in respect of Bearer Notes will be made against presentation outside the United States of the relevant Bearer Notes to the Issuer and Paying Agent at the office of the Issuer and Paying Agent outside the United States as specified in the applicable Final Terms, subject, in the case of payments made in respect of the Temporary Global Note of any Series, to certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not United States persons or persons who have purchased for resale directly or indirectly to any United States person or to a person within the United States, as required by U.S. Treasury Regulations.

In either case, with regard to Bearer Global Notes, such payments will be made outside the United States by transfer to the account of the bearer held with the relevant Clearing System.

If a Bearer Note is presented for payment of principal at the office of any Issuer or Paying Agent in the United States or its territories in circumstances where interest (if any is payable against presentation of such Bearer Note) is not to be paid there, the relevant Issuer and Paying Agent will annotate such Bearer Note with the record of the principal paid and return it to the holder for the obtaining of interest elsewhere.

(iii) Method of payment – General

Subject as provided above and 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.

(iv) *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, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of 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.

(v) *Presentation of definitive Bearer Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (iii) above only against presentation and surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer 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 Bearer Notes in definitive form (other than Long Maturity Notes) should be presented for payment together with all unmatured 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 unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured 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 Bearer Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured 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 Bearer Note or Long Maturity Note in definitive form becomes due and repayable, unmatured 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 Bearer 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.

(vi) *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 Bearer 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 Bearer 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.

(vii) *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.

(viii) *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 or sale 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 notice in accordance with Condition 14 and within the terms specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, (i) 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 or (ii) buy such Note on the date and at the amount specified in the applicable Final Terms.

To exercise the right to require redemption/or sale 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 least 5 (five) Business Days before the exercise of the right to require redemption/sale of this Note (the **Put Notice Period**), at the specified office of the Registrar or, as the case may be, any Paying Agent at any time during normal business hours of such Registrar or Paying Agent falling within the Put 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 Registrar or 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/sale of this Note the holder of this Note must, within the Put Notice Period, give notice to the Registrar or Paying 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 Registrar or Paying 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/sale 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 Bearer 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, in the case of definitive Bearer Notes, 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 a 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 means 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 an 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;

(ii) for any deduction or withholding under Sections 1471 through 1474 of the Code, as amended (the **Code**), or any successor provisions or any current or future regulation promulgated thereunder, official interpretations thereof, published administrative guidance implementing such Sections or regulations whenever promulgated or published, or any fiscal or regulatory legislation, rules, or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections or the Code are referred to herein collectively as "FATCA". Notwithstanding anything to the contrary in this Condition 7, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA; or

(iii) (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; or

(iv) in respect of any Note where such withholding or deduction is required pursuant to Presidential Decree No. 600 of 29 September 1973; or

(v) in respect of Notes classified as atypical securities where such withholding or deduction is required under law decree No. 512 of 30 September 1983, as amended and supplemented from time to time.

(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(iv) or any Talon which would be void pursuant to Condition 4(iv).

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 Principal Paying Agent or the Registrar, as the case may be, 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 AND REGISTRAR

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 a Principal Paying Agent and a Registrar;

(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, which may be the Principal Paying Agent (in the case of Bearer Notes) and a Transfer Agent (which may be the Registrar (in the case of Registered Notes)) 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(vi). 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 to the holders of Registered Notes will be valid if mailed to their registered addresses.

(ii) All notices regarding the Notes, both Bearer and Registered 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, Euronext Dublin and the rules and regulations of such exchange so require, if an announcement is released by the Issuer through the companies announcement office of Euronext Dublin. 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 Euronext Dublin, on the date of release by Euronext Dublin.

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.

(iii) 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. COVENANT TO DISCLOSE INFORMATION

Each Noteholder (being in the case of Notes held by a nominee or held in a clearing system, the beneficial owner of the Notes), by subscribing or purchasing the Notes or an interest in the Notes:

(a) agrees to provide to the Issuer (or agents acting on its behalf) all information and documentation available to it that is reasonably requested by the Issuer (or agents acting on its behalf) in connection with legal, tax or regulatory matters, including any information that is necessary or advisable in order for the Issuer to comply with legal, tax and regulatory requirements applicable to the Issuer from time to time;

(b) agrees to provide to the Issuer (or agents acting on its behalf) all information and documentation available to it that is reasonably requested by the Issuer (or agents acting on its behalf) to verify the Noteholder's identity and the source of the payment used by such Noteholder or its subsequent transferee when purchasing Notes; and

(c) agrees that the Issuer (or agents acting on its behalf) may, subject to any applicable banking secrecy laws and relevant confidentiality provisions (1) provide such information and documentation and any other information concerning its investment in the Notes to any relevant governmental, banking, taxation or other regulatory authority and (2) take such other steps as they deem necessary or helpful (in all cases, in the sole discretion of the Issuer or its respective agents) to comply with any applicable law or regulation.

18. 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.

19. 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.

Notwithstanding this, in respect of the loss absorption provisions described Condition 20 (*Acknowledgement of Italian Bail-in Power*) and any non-contractual obligations arising out of or in connection with such provisions will be governed by, and will be construed in accordance with, Italian 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.

20. ACKNOWLEDGEMENT OF THE ITALIAN BAIL-IN POWER

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuers and any Noteholder, and without prejudice to Article 55(1) of the BRRD, by its acquisition of the Notes each Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

a) the effects of the exercise of the Italian Bail-in Power by the Italian Resolution Authority, which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (iv) the amendment or alteration of the maturity of the Notes or amendment of the interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

b) the variation of these Conditions, as deemed necessary by the Italian Resolution Authority, to give effect to the exercise of the Italian Bail-in Power by the Italian Resolution Authority.

The exercise of the Italian Bail-in Power by the Italian Resolution Authority shall not constitute an event of default and these Conditions shall remain in full force and effect save as varied by the Italian Resolution Authority in accordance with this Condition 20.

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.

On 6 February 2018 the Board of Directors of Intesa Sanpaolo S.p.A., the parent company of the Issuer, approved the Group's 2018-2021 Business Plan (the "**Plan**"). The Plan lays down measures aimed, *inter alia*, at cost reduction through further simplification of the operating model. According to the Plan, 12 legal entities of the Intesa Sanpaolo Group, including Banca IMI, will be merged into the parent company Intesa Sanpaolo S.p.A..

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 Issuer operates under Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Consolidated Banking Act**") and the implementing regulations of the Bank of Italy, and under Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Consolidated Financial Act**") and the implementing regulations of CONSOB. 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 and European Central Bank'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.

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 2017, 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.

The KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2016 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2016 were issued without qualification or reservation.

The KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2017 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2017 were issued without qualification or reservation.

OVERVIEW OF ACTIVITIES

Description of the Issuer's main 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 three business segments: *Global Markets, Investment Banking* and *Structured Finance*.

The *Global Markets* division deals with all activities relating to the markets area, including risk management for institutional and corporate clients and the trading and distribution of financial instruments, both on its own account and

on account of third parties; the business unit remains responsible for capital markets operations of a more structural nature (treasury and funding, investment and management portfolio, and bond issues) and monitoring the Bank's overall risk profiles.

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
Gaetano Miccichè Chairman	Member of the Board of Directors of RCS S.p.A.
Giuliano Asperti Acting Deputy Chairman	Chairman of SIA S.p.A. Chairman of P4CARD S.r.l. Chairman of TEM S.p.A. Chairman of IDeaMI S.p.A.
Fabio Alberto Roversi Monaco Deputy Chairman	Chairman and Managing Director of Società Museo della Città di Bologna S.r.l.
Mauro Micillo Chief Executive Officer	Member of the Board of Directors of Intesa Sanpaolo Innovation Center S.c.p.A.
Giuseppe Attanà Board Member	Chairman of e-MID SIM S.p.A. Member of the Board of Directors of Intesa Sanpaolo Vita

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
	S.p.A. Member of the Board of Directors of Be Consulting S.p.A.
Aureliano Benedetti Board Member	
Gerardo Pisanu Board Member	Member of the Board of Directors of Banca CR Firenze S.p.A.
Fabio Buttignon Board Member	Member of the Board of Directors of Valentino S.p.A. Member of the Board of Directors of Benetton Group S.r.l. Member of the Board of Directors of Carraro S.p.A. Member of the Board of Directors of Stevanato Group S.p.A. Member of the Board of Directors of AFV Acciaierie Beltrame S.p.A. Member of the Board of Directors of Stevanato Group S.p.A. Member of the Board of Directors of Edizione S.r.l. Member of the Board of Directors of EPS Equita PEP SPAC S.p.A. Member of the Board of Directors of SIT S.p.A. Standing Auditor of ICM S.p.A. Standing Auditor of Aquafil S.p.A. Professor at the University, Economics and Management Department “Marco Fanno”, Padova
Vincenzo De Stasio Board Member	Professor at the University, Faculty of Law of Bergamo

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Paolo Maria Vittorio 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 PFH Palladio Holding Member of the Board of Directors of Intesa Sanpaolo Group Services S.c.p.A. Chairman of Intesa Sanpaolo Holding International SA Luxembourg
Massimo Mattera Board Member	

The Board was appointed by the shareholders' meeting held on 31 March 2016.

All the members of the Board of Directors set out above fulfill the expertise and integrity requirements established by current laws and regulations.

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.

Chief Executive Officer

Mauro Micillo, born in Desenzano del Garda on 19 January 1970, has held the position of Managing Director and Chief Executive Officer of the Issuer since 14 April 2015 and as been confirmed by the Board of Directors on 1 April 2016 until the end of his term of office (approval of the financial statements as at 31 December 2018).

General Manager

Massimo Mocio, born in Viterbo on 8 July 1961, has held the position of General Manager of the Issuer since 18 January 2018.

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 31 March 2016 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 2018.

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	Chairman of the Board of Statutory Auditors of Epsilon SGR S.p.A Chairman of the Board of Statutory Auditors of Luisa Spagnoli S.p.A. Chairman of the Board of Statutory Auditors of Midco S.p.A. Chairman of the Board of Statutory Auditors of SPAIM S.p.A. Chairman of the Board of Statutory Auditors of De' Longhi Appliances S.r.l. Chairman of the Board of Statutory Auditors of De' Longhi Capital Services S.p.A. Chairman of the Board of Statutory Auditors of Metis S.p.A. Chairman of the Board of Statutory Auditors of SPA.PI S.p.A. Chairman of the Board of Statutory Auditors of Tetis S.p.A. Standing Auditor of G.S. S.p.A. Standing Auditor of Carrefour Italia S.p.A. Standing Auditor of Telecom Italia S.p.A. Standing Auditor of De' Longhi S.p.A. Standing Auditor of Caretti e Associati S.p.A.
Stefania Mancino Standing statutory auditor	Chairman of the Board of Statutory Auditors of Gedi Gruppo EditorialeS.p.A. Standing Auditor of Italgas Reti S.p.A. Standing Auditor of Acam Gas S.p.A. Standing Auditor of Umbria Distribuzione Gas S.p.A.
Giulio Stefano Lubatti Standing statutory auditor	Chairman of the Board of Statutory Auditors of Fideuram S.p.A.
Carlo Maria Bertola Substitute statutory auditor	Chairman of the Board of Statutory Auditors of Massimo Moratti S.p.A.

NAME AND POSITION	MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
	Chairman of the Board of Statutory Auditors of Atam S.p.A. Chairman of the Board of Statutory Auditors of Mobro S.p.A. Chairman of the Board of Statutory Auditors of Nibaspa S.r.l. Standing Auditor of Atlanet S.p.A. Standing Auditor of Deborah Group S.p.A. Standing Auditor of Mercurio S.p.A. Member of the Board of Directors of Consulenti Professionisti Associati S.p.A. Chairman of Metodo S.r.l.
Alessandro Cotto Substitute statutory auditor	Chairman of the Board of Statutory Auditors of NEVA FINVENTURES S.p.A. Standing Auditor of Farmaceutici dott. Ciccarelli S.p.A. Standing Auditor of Intesa Sanpaolo Assicura S.p.A. Standing Auditor of Sanpaolo Invest S.p.A. Standing Auditor of IDEAMI S.p.A. Standing Auditor of Experentia S.r.l. Standing Auditor of Intesa Sanpaolo Innovation Center S.c.p.A. Chairman of Eutekne 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

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 2017 provisions for risks and charges are in the amount of approximately €18.5 million.

At the annual level, there were costs of Euro 37 million (Euro 113 million in 2016) for the charges relating to the ex-ante contribution to the Single Resolution Mechanism pursuant to Directive 2014/59/EU.

Tax Litigation

In 2017, similarly to the previous years, the Bank made use of remedies available to settle past tax litigation, which was explained in the previous financial statements.

In particular, it should be noted that the litigation referring to 2012, concerning "abuse of process" over alleged links between futures and cash instruments tied to listed equities, was concluded with an outlay of 1.5 million euro compared to a demand from the tax authorities of 42 million (for taxes, withholdings and fines). Although fully convinced of the groundlessness of this and previous similar claims, the decision to settle the various disputes was taken with a view to avoiding long and costly litigation over specific matters plagued by marked uncertainty.

Similar considerations led to the activation of the remedy for facilitated settlement of pending litigation (as per Art. 11 of Decree Law no. 50/1017) concerning the allegations pertaining to the former Banca d'Intermediazione Mobiliare IMI. The submitted applications for closing the litigation referred to the year 2005, with an outlay of 8.1 million euro compared to a tax demand of 18.7 million euro, and the year 2006 with an outlay of 0.5 million euro compared to a tax demand of 1.5 million euro.

At 31 December 2017 the residual tax litigation referred to the tax years 2003, 2004 and 2005 of the former Banca d'Intermediazione Mobiliare IMI, with an overall demand of 20 million for taxes, fines and interest. A total of approximately 16 million euro in provisional deposits was paid in relation to the residual tax litigation; the entire amount was deducted from tax provisions allocated, with no credit entry charged. In the event of losing the case, these amounts will be deducted from the amount owing to close the litigation or will be returned to Banca IMI if the case is won.

Additional provisions allocated to the relative tax fund cover the contingent tax liability estimate and the possible non-recognition of the registered tax credits in relation to taxes and withholdings for which a refund has been requested.

The Bank, which for the Tax Authorities is described as a "large taxpayer", is periodically required to provide data and information on specific financial industry issues or about the procedures used to calculate the taxable base. In this regard, it is appropriate to mention the questionnaire from the Guardia di Finanza in February 2015 about certain decreases in tax returns for the years 2010 to 2013; the questionnaire from the Italian Inland Revenue in December 2016 concerned the Italian "Tobin Tax" and the questionnaire in August 2017 concerned economic growth aid (the ACE facilities).

On this last issue, an act of tax assessment for the year 2012 was received at the year-end with a fairly negligible demand. Since the act referred to specific topics relating to IAS adopter parties, although we were aware of the size of the demand, it was nevertheless deemed appropriate to submit a tax settlement proposal.

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 2017, compared to corresponding figures as at 31 December 2016.

	31 December 2017	**31 December 2016**
Common equity Tier 1 / Risk-weighted assets	10.90%	9.59%
Tier 1 / Risk-weighted assets	15.56%	12.85%
Total Capital Ratio	15.56%	12.85%

	31 December 2017	31 December 2016
Regulatory capital (in EUR millions)		
Tier 1 capital	3,941.6	3,646.5
Tier 2 capital	-	-
Total capital	3,941.6	3,646.5

The following table contains certain selected credit quality figures relating to the Issuer on a consolidated basis as at 31 December 2017, compared to corresponding figures as at 31 December 2016

	31 December 2017	31 December 2016
Gross doubtful exposures / gross exposures	0.42%	0.39%
Net doubtful exposures / net exposures	0.08%	0.15%
Gross non-performing exposures / gross exposures	2.90%	4.09%
Net non-performing exposures / net exposures	2.04%	3.01%
Non-performing exposures coverage ratio	37.49%	27.73%
Doubtful exposures coverage ratio	83.35%	61.59%
Net doubtful exposures / equity	0.47%	0.88 %

The following table contain 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 2017, compared with corresponding figures for the financial year ending 31 December 2016.

Income Statement Figures

	31 December 2017	31 December 2016	Percentage Variation
	(EUR million)		*(per cent.)*
Net interest income	504.3	536	-5.9
Net fee and commission income	311.9	346.7	-10
Total income	1,540.2	1,631.4	-5.6
Net financial income	1,469.2	1,629.2	-9.8
Operating expenses	(480.7)	(538.9)	-10.8

	31 December 2017	31 December 2016	Percentage Variation
	(EUR million)		*(per cent.)*
Pre-tax profit from continuing operations	988.6	1,109.2	-10.9
Post-tax profit from continuing operations	682.6	741.2	-7.9
Profit for the year	682.6	741.2	-7.9

Balance Sheet Figures

	31 December 2017	31 December 2016	Percentage variation
	(EUR million)		*(per cent.)*
Net investments[4]	29,528.2	27,657.7	6.8
Net liabilities[5]	39,367.9	37,766.5	4.2
Financial assets[6]	59,112.6	68,105.0	-13.2
Total assets	148,384.5	150,249.6	-1.2
Net equity[7]	4,790.9	4,618.0	3.7
Share Capital	962.5	962.5	0.0

The following table contain certain selected income statement and balance sheet figures extracted from the Issuer's audited consolidated financial statements for the financial year ending 31 December 2017, compared with corresponding figures for the financial year ending 31 December 2016.

Income Statement Figures

	31 December 2017	31 December 2016	Percentage variation
	(EUR million)		*(per cent)*
Net interest income	505	536.1	-5.8

[4] The aggregate amount consists of loans to customer plus financial assets held for trading, net of financial liabilities held for trading.
[5] The aggregate amount consists of securities issued, due to banks, due to customers, liabilities at fair value net of due from banks.
[6] The aggregate amount consists of financial assets held for trading plus available for sale financial assets.
[7] The aggregate amount consists of reserves, share premium reserve, share capital, fair value reserves, equity instruments and interim dividends (if any) and the profit for the year.

	31 December 2017	31 December 2016	Percentage variation
	(EUR million)		*(per cent)*
Net fee and commission income	332	382	-13.2
Total income	1,550.7	1,661.4	-6.7
Net financial income	1,479.8	1,659.1	-10.8
Operating expenses	(522.5)	(574.6)	-9.1
Pre-tax profit from continuing operations	976.2	1,115	-12.5
Post-tax profit from continuing operations	670.5	741.7	-9.6
Profit for the year	670.5	741.7	-9.6

Balance Sheet Figures

	31 December 2017	31 December 2016	Percentage variation
	(EUR million)		*(per cent)*
Net investments[8]	29,582.4	27,724.3	6.7
Net liabilities[9]	39,321.5	37,683.7	4.3
Financial assets[10]	59,166.8	68,171.5	-13.2
Total assets	148,511.8	150,406.8	-1.3
Net equity	4,900.9	4,755.0	3.1
Share Capital	962.5	962.5	0.0

OVERVIEW OF THE FINANCIAL INFORMATION

Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31 December 2017 and 31 December 2016 has been derived from the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2017 (the **2017 Annual Financial Statements**) that include comparative figures as at and for the year ended

[8] The aggregate amount consists of loans to customers plus financial assets held for trading net of financial liabilities held for trading.
[9] The aggregate amount consists of securities issued, due to banks, due to customers, liabilities at fair value net of due from banks.
[10] The aggregate amount consists of financial assets held for trading plus available for sale financial assets.

31 December 2016. The 2017 Annual Financial Statements have been audited by KPMG S.p.A., auditors to Banca IMI S.p.A., who issued their audit report on 7 March 2018.

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 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.

CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2017 and 31 December 2016.

Assets	**31 December 2017**	**31 December 2016**
	(EUR thousand)	
Cash and cash equivalents	4	3
Financial assets held for trading	44,692,894	53,477,591
Available-for-sale financial assets	14,473,923	14,693,865
Due from banks	55,288,763	53,305,542
Loans to customers	32,965,588	27,798,310
Hedging derivatives	69,789	154,440
Equity investments	53,034	19,560
Property and equipment	562	848
Intangible assets	126	285
Tax assets	431,407	489,371
a) current	*207,467*	*251,068*
b) deferred	*223,940*	*238,303*
- of which as per Law no. 214/2011	*101,555*	*115,541*
Other assets	535,727	467,011
Total Assets	**148,511,817**	**150,406,826**

CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2017 and 31 December 2016.

Liabilities and Equity	**31 December 2017**	**31 December 2016**
	(EUR thousand)	
Due to banks	71,615,809	60,716,591
Due to customers	15,195,941	18,989,914
Securities issued	7,798,648	11,282,639
Financial liabilities held for trading	48,076,068	53,551,620
Hedging derivatives	212,943	196,639
Tax liabilities	310,032	424,563
a) current	*295,733*	*410,436*
b) deferred	*14,299*	*14,127*
Other liabilities	370,182	450,312
Post-employment benefits	8,918	9,178
Provisions for risks and charges	22,340	30,387
a) pensions and similar obligations	*12*	*12*
b) other provisions	*22,328*	*30,375*
Fair value reserves	(131,168)	(131,153)
Equity Instruments	1,200,000	1,000,000
Reserves	1,617,916	1,600,694
Interim dividends	-	-
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	670,464	741,718
Total Liabilities and Equity	**148,511,817**	**150,406,826**

CONSOLIDATED ANNUAL INCOME STATEMENT

The annual financial information below includes comparative figures as at and for the years ended 31 December 2017 and 31 December 2016.

	31 December 2017	31 December 2016
	(EUR thousand)	
Interest and similar income	1,174,735	1,337,482
Interest and similar expense	(669,736)	(801,338)
Net interest income	**504,999**	**536,144**
Fee and commission income	504,943	599,097
Fee and commission expense	(173,166)	(217,026)
Net fee and commission income	**331,777**	**382,071**
Dividends and similar income	38,242	38,035
Profits (Losses) on trading	493,215	554,800
Profit (Losses) on hedging	3,812	(425)
Profits (Losses) on disposal or repurchase of:	178,675	150,754
a) loans and receivables	*(665)*	*1,481*
b) available-for-sale financial assets	*198,144*	*170,072*
c) held-to-maturity investments	-	-
d) financial liabilities	*(18,804)*	*(20,799)*
Total income	**1,550,720**	**1,661,379**
Impairment losses/reversal of impairment losses on:	(70,930)	(2,249)
a) loans and receivables	*(71,378)*	*(8,572)*
b) available-for-sale financial assets	*(469)*	*(1,618)*
c) held-to-maturity investments	-	-
d) other financial assets	*917*	*7,941*
Net financial income	**1,479,790**	**1,659,130**
Net banking and insurance income	**1,479,790**	**1,659,130**
Administrative expenses	(505,757)	(574,278)
a) personnel expenses	*(165,403)*	*(166,029)*
b) other administrative expenses	*(340,354)*	*(408,249)*
Net accruals to provision for risks and charges	(1,000)	(8,118)
Depreciation and net impairment losses on property and equipment	(301)	(346)
Amortisation and net impairment losses on intangible assets	(97)	(78)
Other operating income (expenses)	(15,317)	8,224
Operating expenses	**(522,472)**	**(574,596)**
Net gains on sales of equity investments	18,896	30,506

	31 December 2017	31 December 2016
	(EUR thousand)	
Pre-tax profit from continuing operations	**976,214**	**1,115,040**
Income tax expense	(305,750)	(373,322)
Post-tax profit from continuing operations	**670,464**	**741,718**
Profit for the year	**670,464**	**741,718**
Profit (loss) attributable to non-controlling interests	-	
Profit attributable to the owners of the parent	**670,464**	**741,718**

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 depositary 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 depositary or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code.Transfers of any interests in Notes represented by a Global Registered Note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

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 depositary 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 ISlN 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 depositary 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 depositaries 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/EUI).

(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 basic aspects of the Czech tax treatment. Prospective holders of Notes should seek, in the light of their individual situation, their own professional advice. 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 and redemption 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.

Individuals with Tax Residence in the Czech Republic

Personal Income Tax

Personal Income Tax is levied on the worldwide income obtained by Czech tax resident. Therefore, any income that Czech Note holders receive will be subject to Czech taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by individuals will be taxed at 15 % tax rate. In case when the Czech resident investor is an individual entrepreneur and the Notes are part of its business assets, the application of social / health insurance charges and solidarity tax (7%) should be considered based on individual situation.

Income arising on the disposal, redemption or reimbursement of the Notes will be generally calculated as the difference between: (a) their disposal, redemption or reimbursement value; and (b) their acquisition value. Costs and expenses effectively borne by the holder on the acquisition, holding and transfer of the Notes may be generally taken into account for calculating the relevant taxable income, provided that they can be duly justified.

The transfer or redemption income may be exempt from the personal income tax in case that the holding period exceeds three years and the Notes were not acquired while conducting business (i.e. the Notes were not considered as business assets).

The tax withheld in the source country, i.e. the country from which the income is paid, may be credited under the relevant provisions of the applicable double taxation treaty, if any.

Inheritance and Gift Tax

Inheritance and Gift Tax has been replaced by the income tax which is levied on individuals' heirs and recipients of the gifts. Specific rules for exemption on such transfers among the closest family members apply.

Legal Entities with Tax Residence in the Czech Republic

Corporate Income Tax

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Notes obtained by entities which are Czech tax resident are subject to 19 % corporate income tax. Furthermore, limited type of entities (e.g. investment funds) might be subject to 5% corporate income tax if certain requirements are met.

Income arising on the disposal, redemption or reimbursement of the Notes will be generally calculated as the difference between: (a) their disposal or redemption value; and (b) their acquisition value. Costs and expenses effectively borne by the holder on the acquisition, holding and transfer of the Notes may be generally taken into account for calculating the relevant taxable income, provided that they can be duly justified.

The tax withheld in the source country, i.e. the country from which the income is paid, may be credited under the relevant provisions of the applicable double taxation treaty, if any.

The same applies to foreign tax residents with Czech permanent establishments to which the Notes are attributable.

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 % securing tax from the purchase price when purchasing investment instruments defined by the Czech Capital Market Act, 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.

Other taxes

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will not be subject to any Transfer Tax or Stamp Duty.

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 Italy or any political subdivision or taxing authority thereof or therein.

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, as from 1 Janury 2018, interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 12.8% 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 17.2% on interest and similar income paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

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 0.3% 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 or administrated 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.). For individual Noteholders who are subject to church tax an electronic information system for church withholding tax purposes applies 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. If Notes held or administrated in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Notes are acquired and/or sold or redeemed in a currency other than Euro the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that 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 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 January 18, 2016, as currently amended, 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. However, expert literature and the German tax courts have taken a different view. Pursuant to this view the losses mentioned above are tax deductible (FG Niedersachen EFG 2014,1584 (final and enforceable verdict)).

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 the 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 the German 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 income 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 are assets of a trade or business the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes are part of the assets 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 are assets of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may additionally 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 are assets 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 or administrated 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 transactions 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 with regard to dealings with the Notes.

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.

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.

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 (**Interest Income**) - among others - 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 (with the exception of the sale of collective investment securities on the Hungarian stock market and the stock market of any EEA or OECD state). Notes should qualify as debt securities. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes. The personal income tax of 15 per cent. will be withheld by a payor (**Payor**, as defined below) on the Interest Income.

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 (**Other Income)** which is taxable at a rate of 15 per cent. (and may be subject to a health care contribution of 19.5 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 15 per cent., while the rate of health care contribution payable on the basis of Capital Gains Income realised by Hungarian resident individuals is 14 per cent. (capped at HUF 450 000).

Proceeds realised on CDIs may qualify as Other Income. Overall, capital gains realised on the sale of such CDIs should qualify as Capital Gains Income.

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 payments provided to private individuals which are subject to health care contribution (where health care contribution is payable by the private individual).

Pursuant to the Act CL of 2017 on Rules of Taxation (**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.

In addition, for personal income tax purposes Payor means the Hungarian resident credit institution agent which provides taxable income in connection with the service provision of the foreign person/entity performed in Hungary. In the absence of a Payor, the individual is obliged to assess, report and pay the taxes on Interest Income.

Personal Income Tax Rate

The personal income tax rate is 15% per cent.

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 corporate tax rate is 9% per cent (flat rate). Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax, innovation tax and sectoral taxes on the basis of the proceeds realised on Notes.

Withholding tax (foreign resident corporate holders)

Tax liability of non-resident corporate entities arises if the non-resident corporate entity holds the Notes via the Hungarian permanent establishment (limited tax liability).

Italian Taxation

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.

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.

In any case, it can not be excluded that Italian Tax Authorities consider the Notes issued as Atypical Securities, which have the specific tax regime hereinafter described.

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 noncommercial 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. 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.

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 (i.e. banks or insurance companies), 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 or a SICAF, to which the provisions of Decree 351, as subsequently amended, apply (**Real Estate SICAF**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, or open-ended investment company (*società di investimento a capitale variabile* – SICAV) or an close-ended investment company, other than a real estate investment company (*società di investimento a capital fisso* – SICAF) established in Italy or either (i) the fund, SICAF/SICAV 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.

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 20 per cent substitute tax.

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, the *imposta sostitutiva* is not applied 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, 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 and listed in a Ministerial Decree to be issued under Article 11, par. 4, let. c) of Decree no. 239 (the **White List**). The White List will be updated every six months period. In absence of the issuance of the White List, reference has to be made to to the list set out by the Italian Ministerial Decree dated 4 September 1996, as amended from time to time.

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.

Failure of a non-Italian resident Noteholders to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of imposta sostitutiva on Interest payments. Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

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 (*azioni)* or securities similar to shares (*titoli similari alle azioni*) 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.

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 income (and, in certain circumstances, depending on the "*status*" of the Noteholder, also as part of the net value of production for IRAP purposes), 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. Noteholders may set off losses with gains.

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 26 per cent *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 the 26 per cent *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. Due to the Law Decree no. 66 of 24 April 2014, as converted with amendments by Law No. 89 of 23 June 2014 ("**Law No. 89**"), capital losses realized from January 1, 2012 to June 30, 2014 may be offset against capital gains realized after that date for an amount equal to 76.92% of the same capital losses.

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* (26 per cent) 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 Law No. 89, capital losses realized from January 1, 2012 to June 30, 2014 may be offset against capital gains realized after that date for an amount equal to 76.92% of the same capital losses.

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 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 Law No. 89, depreciations of the managed assets reported during the period from January 1, 2012 to June 30, 2014, may be offset against increases in value of the managed assets accrued after that date for an amount equal to 76.92% of the same depreciations.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 a withholding tax of 26 per cent in the hands of the unit/shareholders.

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 or to a Real Estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or of a Real Estate SICAF.

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 20 per cent. substitute tax.

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 State incuded in the White List; 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.

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.

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 heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €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 13 par. 2/ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, as amended by Article 1 par. 581 of Law No. 147 of 27 December 2013 ("**Decree 642**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. The stamp duty applies at the rate of 0.20 per cent. and it cannot exceed € 14,000 for taxpayers which are not individuals. This stamp duty is determined on the market value or – in the absence of a market value – on the nominal value or the redemption amount of any financial product or financial instruments. Based on the interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Securityholders, to the extent that the Securities are held with an Italian-based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable pro-rata.

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 relevant regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree No. 201 of 6 December 2011 as amended by Article 1 par. 582 of Law No. 147 of 27 December 2013, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent.. In this case the above mentioned stamp duty provided for by Article 13 of the tariff Part I attached to Decree 642 does not apply.

This tax is calculated on the market value of the Securities 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).

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:

(a) Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);

(b) 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

(c) 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. 2018, No.200), 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 (here: 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 withheld 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.

Income from disposal of securities

Under Art. 30b.5 of the PIT Act, income derived as a result of disposing of securities (including notes) does not cumulate with general income subject to the progressive tax rate, but under Art. 30b.1. of the PIT Act it is subject to 19 per cent. flat rate tax. The income shall be determined, as a rule, as the difference between the sum total of revenues earned and deductible costs, determined in accordance with the PIT Act (usually, the acquisition costs is recognised at the time the revenue is earned).

Under Art. 30b.5a of the PIT Act if the taxpayer, has derived income both in and outside of the territory of the Republic of Poland, those incomes shall be combined and the amount equal to income tax paid abroad shall be deducted from the tax assessed on the sum total of those incomes. However, that deduction may not exceed 19 per cent of the income obtained abroad.

Under Art. 30b.6 of the PIT Act after the end of the tax year, the taxpayer shall be obliged to declare in the tax return income derived in the tax year from disposing of securities. Thus, this income should be settled (reporting of the income and payment of tax) 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 being a legal person or an entity treated as a legal person for corporate income tax purspoes 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 when the revenue from the disposal of securities for remuneration is recognised, i.e. at the moment when the security is diposed. 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 for a corporate income taxpayer will be the same as the tax rate applicable to business activity, i.e. 19 per cent..

Under Article 20.1 of the Corporate Income Tax Law (the Act on Corporate Income Tax dated 15 February 1992, as amended (consolidated text, J.L. 2018, item 1036), the CIT Act), withholding tax incurred on interest 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. of the interest amount, could be deducted from the Polish tax liability. Double tax treaties may provide other methods of double taxation avoidance.

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 and 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. 2015, No.626, item 1045, 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:

(i) assets located in Poland or proprietary rights exercisable in Poland;

(ii) 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.

If due, 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, before a Polish notary public, 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. 30.1 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.

General Anti Abuse Rule

Based on the new rules that enter into force on July 15, 2016, any action (agreement, restructuring process, etc.) that is carried out mainly for the purpose of achieving a tax benefit and which is considered by the tax authorities as against the aims of the tax law and artificial will not give the suspected benefit. An artificial action is an action which normally would not be taken by a reasonable entity, if there were no tax benefits resulting therefrom.

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.

Residents

Individuals, who are residents in Slovakia, are subject to unlimited income tax liability on their world-wide income (i.e. income from domestic and foreign sources). An individual is resident in Slovakia if he/she has his/her domicile (a registered permanent stay), residence or habitual place of abode (a physical presence for more than 183 days in a calendar year) in Slovakia. Residence shall mean (in the context of the double-taxation treaties) the possibility of accommodation, which is permanently available to physical person, other than occasional accommodation for the purposes of business travels, tourism, recreation, etc., while an intention of physical person to permanently reside in the state with respect to his/her personal and economic ties is obvious.

Corporations having their registered office and/or their place of effective management in the territory of Slovakia are subject to corporate income tax in Slovakia on their world-wide income (i.e. income from domestic and foreign sources).

Non-residents (both individuals and corporations) are subject to income tax only on income from the sources in Slovakia. Both in case of residents and non-residents Slovak's right to tax may be restricted by a relevant double taxation treaty.

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 21 per cent income tax rate from 1 January 2017. Income of individual Slovak Holders not exceeding 35,268,06 EUR (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.

Capital income of individuals received till 31 December 2015 was included into the general tax base. As of 1 January 2016 taxation of income from capital is included in the separate tax base, with a tax rate of 19 per cent . This concerns also income from capital realised on redemption of the Notes.

Capital gain from sale of the Notes is handled differently from interest, i.e. it is included into general tax base. In such case the tax base shall be equal to the taxable income less any expenses, which may be documented as having been incurred in order to generate the income. Expenses that can be deducted are the purchase price proven to be paid for the Notes, or when there is no purchase (e.g. donation, inheritance), then the price for the Notes determined at the time when the Notes were acquired, and the expenses related to the acquisition or purchase of the Notes. The income from derivative operations is taxed as capital gains. Expenses, which could be deducted from the income of derivative operations are all charges and another similar payment (fees) related to the realization of derivative operations and another expenses related to settlement of these derivative operations.

The capital gains from the sale of the notes are exempt from Slovak personal income tax, if the aggregate of the tax base considered as the "other income" (i.e. debentures, shares, bills of exchange etc.) does not exceed the flat amount of EUR 500. This limit for exemption cumulatively applies also to e.g. rental income, income from the transfer of options, income from the transfer of an interest in a company etc. If the above mentioned limit is exceeded, only the excess amount is included in the tax base. Further, the income from the sale of the Notes accepted for the trading on a regulated marked or a similar foreign regulated market is exempt from tax, if the period between their acquisition and sale exceeds one year. Income from the sale of the Notes is not exempt from tax, if the Notes were included into business assets of the taxpayer.

From the tax shall be exempt also the income from sale of Notes, options and income from derivative transactions derived from long-term investment savings after fulfillment of conditions set (determined) in the special act including income paid after 15 years from the beginning of long-term investment savings. Such income from sale is not exempt from tax if such Notes, options and income from the derivative transactions were included into business assets of the taxpayer.

A loss from sale of Notes shall not be offset against gains from sale of Notes in the same fiscal period - only the expenses up to the amount of income shall be considered upon the calculation of the tax base.
Under the specific conditions stated below, the full loss incurred may be considered as a tax deductible expense, these are:

(i) bonds, the selling price of which is not lower by more than the interest accrued on the bonds and included in the tax base prior to the date of sale or the date of maturity of the bond; and

(ii) for taxable persons who engage in trading with securities pursuant to special legislation, and which may deduct the expense of the acquisition of the securities up to the amount posted as their cost.

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. Generally, no Slovak withholding tax shall apply to revenues from debt securities having their source in Slovakia (paid by Slovak tax resident or from foreign entity having permanent establishment in Slovakia). In the Slovak tax legislation there are two exeptions applicable. The withholding tax shall be imposed for the interest and capital gain flown to the corporate Slovak Holder which is not established for entrepreneurial purposes (e.g. non-profit organisations) or to the National Bank of Slovakia (*Národná banka Slovenska*). Further, the withholding tax shall be applicable for the interest (excluding the income from the government bonds and treasury bills) which flown to the individuals. Withholding tax rate is set at 19 per cent. A 35 per cent withholding tax rate shall apply where the payment is made to a resident in listed jurisdictions (i.e. states with which the Slovak Republic concluded neither Double Taxation Avoidance Treaty nor Agreement on exchanging of information for tax purposes). Withholding tax shall not apply to respective interest and capital gains received by a Slovak Holder, from foreign sources.

In accordance with the Double Taxation Avoidance Treaty concluded between Italy and Slovak Republic, any interest income which originates in one contracting state (Italy) to tax resident of other contracting state (Slovak Republic) shall be taxed in this other contracting state (Slovak Republic), if this person is the final beneficiary of income.

The above-mentioned provisions shall not apply if the beneficiary who has seat or place of residence in one contracting state (Slovak Republic), performs business activities by means of permanent establishment in other contracting state (Italy) and income is directly attributable to this permanent establishment. In such case the income shall be subject to tax only in the state of permanent establishment (Italy) in accordance with the local legislation.

Health insurance contributions

As a consequence of the extension of the base for calculation of health insurance contributions, revenues from the Notes held by an individual Slovak Holder who is mandatorily insured in the Slovak public health insurance scheme should be subject to health insurance contribution unless these are subject to withholding tax (income subject to withholding tax in Slovak Republic is excluded from calculation base for health insurance contributions). 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.

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. If withholding tax is 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 (Article 137 of the Personal Income Tax Act).

Taxation of capital gains

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.

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 base is established on the basis of the difference between the acquisition value of the financial derivative and their market value upon disposal, whereby the tax rate for capital gains depends on the holding period. Capital gains made at 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 (when alienated in the first 12 months of holding) and 25 per cent (in the following 4 years of holding). 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.

Capital gains are not aggregated with other income, but are reported on separate tax returns. Tax returns for the previous year must be filed by Slovenian tax residents (individuals) until 28th February of the current year. Non-residents are required to file a tax return within 15 days after disposing of their financial derivatives, unless they file a return for all transactions related to securities or other interests in any capital executed in the previous year. In such cases, non-residents may file their tax returns for the previous year by 28 February of the current year.

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 residents (individuals) for the previous year by 28 February of the current year.

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.

Interest are not aggregated with other income, but are reported on separate tax returns.

Taxation of dividends

Dividends and other profit distributions are taxed by way of a 25 per cent final withholding tax (Article 134 of Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*). Dividends are not aggregated with other income, but are reported on separate tax returns. When a taxable person receives dividends directly from abroad, such person is required to file tax return for the previous year by 28 February of the current year.

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 tax rates o are progressive and depend on the value of the assets transferred and on the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand (i.e. double progression). Heirs/donees from the first hereditary order are exempt from gift tax or inheritance tax.

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 (Article 2 of Inheritance and Gift Tax Act).

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 I of part five of Slovenian Tax Procedure Act (*Zakon o davčnem postopku; ZDavP-2*) and has come into force on 1st July 2005. However, since then the Directive (EU) 2015/2060 repealing the EU Savings Directive has come into force and those provisions have been stricken and the directive has also been implemented in chapter II of part four of Slovenian Tax Procedure Act.

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.

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. In accordance with value added tax rules, transactions concerning financial instruments are tax exempt and interest on notes, which do not represent payment for a transaction, are not subject to taxation. Currently, net assets tax is not levied in Slovenia.

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 general corporate income tax rate is 19 per cen. since 1.1.2017.

Taxation of dividends

Dividends and income similar to dividends (with the exception of certain hidden reserves) are, pursuant to article 24 of the Slovenian Corporate Income Tax Act, exempt from the tax base of a corporate shareholder, if the payer of dividends is:

- liable for corporate income tax in accordance with the Slovenian Corporate Income Tax Act; or

- for taxation purposes, a resident of an EU Member State in accordance with the law of that Member State, and is in accordance with a double taxation treaty concluded with a non-EU Member State not considered to reside outside of the EU, and is additionally liable for one of the taxes for which a common system of taxation is applicable to parent

companies and affiliates from different EU Member States, as determined by the Slovenian Minister of Finance, where a company which is exempt from corporate income tax or that has the option of choosing its taxation is not considered to be liable for payment of corporate income tax; or

- liable for the payment of corporate income or profit tax comparable to Slovenian corporate income tax and is not resident of a state (or has a permanent establishment not located in a state) where the general or average nominal tax rate for the taxation of profit is lower than 12.5% and where this state is on the list published by the Slovenian Ministry of Finance and the Slovenian Tax Administration; whereby, this rule shall not apply to a payer who is resident of another EU member state, in accordance with the previous paragraph.

The above rules are applicable to non-resident recipients of dividends if their interest in the capital or in the management of the company paying the dividends is connected with business activities performed through an establishment in Slovenia.

The above-described exemption from the tax base of a corporate holder of the notes is applicable under the condition that the current or past taxation period's revenues have been included in the corporate holder's tax base, on the basis of such income.

In accordance with article 70 of the Slovenian Corporate Income Tax Act, the payer must, at the time of dividend payment, withhold and pay withholding tax at the rate of 15%, unless the recipient is: the Republic of Slovenia or a self-governing local community in Slovenia; the Bank of Slovenia; a resident who notifies the payer of their tax number, or a non-resident liable for the payment of corporate income tax deriving from their activities in or through a permanent establishment in the Republic of Slovenia who notifies the payer of their tax number, if the dividends are payable to such permanent establishment.

In accordance with article 70 of the Slovenian Corporate Income Tax Act, the tax shall not be calculated, withdrawn and paid if the dividends are payable to:

- a resident of an EU or an EEA Member State who is liable to pay income taxes in a foreign state (except for income paid to the permanent establishment of a non-resident in Slovenia), if such entity cannot claim the withholding tax in the state of its residence (as with, for example, the exemption of dividends from the tax base) and the transaction is not considered to represent tax avoidance; or

- foreign pension funds, investment funds and insurance companies providing pension plans, residents of the EU or EEA Members States (except for income paid to the permanent establishment of a non-resident in Slovenia), if such entity cannot claim the withholding tax in the state of their residence (if, for example, such funds or insurance companies are exempt from tax payment or are subject to a 0% tax rate).

- exemptions determined in the previous two points do not refer to payments made to states with which the exchange of information is not assured (a list of such states is published by the Slovenian Minister of Finance).

  Pursuant to article 71 of the Slovenian Corporate Income Tax Act, tax shall not be withheld from payments of dividends and income similar to dividends if the entity authorised to receive a given payment is subject to the common system of taxation applied to parent companies and affiliate companies from different EU Member States, provided that:

- the entity authorised to receive the payment holds at least 10% of the value or number of shares or interests in the share capital, nominal capital, or voting rights of the company paying the dividend; and

- such minimum participation in the value or number of shares or interest in the share capital, nominal capital or voting rights, has been in effect for at least 24 months; and

- the entity authorised to receive the payment is: a) a legal entity formed as an entity for which a common taxation system is used and which is applicable to parent companies and affiliates from different EU Member States, as determined by the Slovenian Minister of Finance; b) for taxation purposes, a resident of an EU Member State in accordance with the law of that Member State and is in accordance with a double taxation treaty concluded with a non-EU member state not considered to reside outside of the EU, and c) is liable for one of the taxes subject to the common system of taxation applicable to parent companies and affiliates from different EU Member States or, with respect to companies exempt from income tax or that may choose their taxation, is determined by the Slovenian Minister of Finance to be an entity subject to corporate income tax.

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. In accordance with value added tax rules, transactions concerning financial instruments are tax exempt and interest on notes, which do not represent payment for a transaction, are not subject to taxation. Currently, net assets tax is not levied in Slovenia.

Financial Services Tax

The subject of taxation according to Article 3 of the 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 above 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 habitual 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 8.5 per cent and is chargeable on the commission of a financial service (Article 7 of Financial Services Tax Act). 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

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 Portugal, though it is not intended to be, nor should it be construed as being, legal or tax advice. 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.

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, being a non resident entity, is not responsible for the Portuguese withholding tax, whenever applicable, on interest payments arising from the Notes.

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) 21 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 21 per cent. on profits in excess thereof. A municipal surcharge (*derrama municipal*) of up to 1.5 per cent. may also be due over the Noteholders taxable profits, depending on the municipality where the company operates. 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) 9 per cent. on the part of the taxable profits that exceeds € 35,000,000.

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. If this election is made, 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. In this case, any 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.

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, and by Law no. 37/2010, of 2 September.

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. 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 at the following tax rates: (i) for financial income up to €6,000: 19 per cent.; (ii) for financial income from €6,000.01 to €50,000: 21 per cent.; and (iii) for any amount in excess of €50,000: 23 per cent.

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

Spanish resident individuals are subject to Wealth Tax in tax period 2018 to the extent their net worth exceeds €700,000. However, the potential Wealth Tax liability should be analysed in connection with local regulations of each Spanish Region, provided some of them foresee full exemption of Wealth Tax. 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 3.75 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.

As regards the application of Wealth Tax in fiscal year 2018 and onwards, prospective investors should consult their onw professional advisers.

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 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions or credit entities).

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. The withholding tax rate in Spain is 19 per cent.

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 Euronext Dublin'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 634/2015, of 10 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 the Notes and is a general discussion of the Issuer's understanding of certain aspects of current United Kingdom law and HM Revenue and Customs (**HMRC**) published practice in the United Kingdom relating to the withholding tax treatment of interest payments, stamp duty and stamp duty reserve tax in each case, in respect of the Notes, only. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. This discussion is not intended to be, nor should it be regarded as, legal or tax advice.*

The United Kingdom tax treatment of prospective Noteholders will depend on their individual circumstances and may be subject to change in the future, particularly as a result of the UK electorate vote to leave the European Union on 23 June 2016 (Brexit). The precise tax treatment of a Noteholder will also depend on the terms of the Notes, as specified in the Terms and Conditions of the Notes as amended and supplemented by the applicable Final Terms under the law and practice at the relevant time. Prospective Noteholders should consult their own tax advisers in all relevant jurisdictions to obtain advice about their particular tax treatment in relation to such Notes.

*The below assumes that (i) the Notes will be issued and raised by Banca IMI S.p.A. (as Issuer) and not by, or on behalf of, any United Kingdom company; (ii) no Notes will be registered in a register kept in the United Kingdom; (iii) the Notes will not be capable of physical settlement or redemption other than in cash and (iv) no Note will give its holder the right to subscribe for, or otherwise acquire, either stock, shares or loan capital (or an interest in, or right arising out of, stock, shares or loan capital) registered in a register kept in the United Kingdom, or shares that are paired with shares issued by a body corporate incorporated in the United Kingdom.Stamp Duty and Stamp Duty Reserve Tax ("**SDRT**")*

No United Kingdom stamp duty or United Kingdom SDRT should be required to be paid on the issue into Euroclear or Clearstream, Luxembourg of Bearer Global Notes or Registered Global Notes.

Stamp duty may be chargeable (currently at a rate of 1.5 per cent.) in relation to sterling denominated Bearer Notes originally issued outside of the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Bearer Notes.

No United Kingdom stamp duty should be required to be paid on the transfer of any Notes within Euroclear or Clearstream, Luxembourg on the basis that no instrument is used to effect the transfer.

No United Kingdom SDRT should be payable on the transfer of any Notes within Euroclear or Clearstream, Luxembourg.

No United Kingdom stamp duty or United Kingdom SDRT should be payable on the redemption of the Notes.

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.

If withholding on account of United Kingdom income tax is required from payments on the Notes, the Issuer (and, in the case of certain payments, any other person by or through whom the payment is made) will be required by law to deduct a sum representing income tax from such payment at the basic rate in force for the tax year in which the payment is made (currently 20%) subject to the availability of any domestic law exemption or any relief under the provisions of any applicable double tax treaty.

Reporting of information

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 obtained by HMRC may be provided to tax authorities in other jurisdictions.**Netherlands Taxation**

General

The following summary outlines the principal Netherlands withholding tax consequences of payments of interest and principal under the Notes. It is not a comprehensive description of all Netherlands tax considerations in relation to the acquisition, holding, settlement, redemption and disposal of the Notes. Each prospective investor should consult a professional tax advisor with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

For the purpose of The Netherlands withholding tax consequences described herein, it is assumed that the Issuer is not a resident or deemed to be a resident of The Netherlands for The Netherlands tax purposes.

Where this summary refers to The Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Netherlands Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, except where the Issuer is a tax resident of The Netherlands for Netherlands dividend withholding tax purposes and securities (i) are shares or profit certificates (*winstbewijzen*) in the Issuer, (ii) are issued under such terms and conditions that such Securities are capable of being classified as equity of the Issuer for Netherlands tax purposes or (iii) actually function as equity of the Issuer within the meaning of article 10, paragraph 1, letter d, of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) or (iv) are issued that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by the Issuer or by any entity related to the Issuer. If due, dividend withholding tax is to be withheld at a rate of 15% by the Issuer for the account of the ultimate beneficiary of the payment, unless an exemption or reduction is available.

On 18 December 2013, The Netherlands and the United States signed an intergovernmental agreement for the automatic exchange of data between the tax authorities of both countries in relation to the implementation of FATCA. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. The Noteholders should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Notes.

Belgium Taxation

Prospective investors are advised to consult their own professional advisors as to the tax consequences of the purchase, ownership, redemption and/or disposal of the Notes, including the effect of any taxes under Belgian law. The present overview is of a general nature and does not claim nor purport to be a comprehensive description of all tax considerations related to the acquisition, holding, redeeming and disposal of the Notes. It does not take into account the

specific circumstances of particular Noteholders, some of which may be subject to special rules, or the tax laws of any country other than Belgium.

Furthermore, this description is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this document,which are subject to future amendments, which may or may not have retroactive effect.

Belgian income taxes regarding Notes

General - Belgian withholding tax

The following amounts are considered as "interest" for Belgian tax purposes: (i) periodic interest income, (ii) amounts paid by the Issuer in excess of the Issue Price (upon full or partial redemption, whether or not at maturity), and (iii) if the Notes qualify as fixed income securities pursuant to Article 2, § 1, 8° Belgian Income Tax Code, the pro rata of accrued interest corresponding to the detention period in case of a sale of the Notes between two interest payment dates. For purposes of the following paragraphs, any such gains and accrued interest are therefore referred to as interest.

As a general rule, all interest payments on the Notes made through a paying agent in Belgium will in principle be subject to Belgian withholding tax at a rate of 30 per cent, except for the pro rata of accrued interest corresponding to the detention period in case of a sale between two interest payment dates to any third party of Notes that qualify as fixed income securities pursuant to Article 2, § 1, 8° Belgian Income Tax Code.

A Belgian withholding tax exemption may, subject to certain conditions, apply for certain types of Notes on the basis of domestic law.

Belgian resident individual private investors

The following tax treatment applies to individual Belgian residents who are subject to Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*) and who hold the Notes as a private investment. Other rules can apply when Notes are linked to the individual's professional activity or when the individual's transactions with respect to the Notes fall outside the scope of the normal management of his private estate.

Belgian withholding tax withheld by a Belgian paying agent intervening in the pay-out of the interest, shall, as a general rule, constitute the final income tax cost for the individual investor. As a result, the Belgian Noteholder does not have to declare the interest derived from the Notes in his personal income tax return, if that income is subject to Belgian withholding tax. The Belgian Noteholder may however opt to declare that interest income, in which case it will in principle be taxed at a flat rate of 30 per cent (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). The Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent it exceeds the personal income tax due.

Capital gains realized on the sale of the Notes - with the exception of any amount of these gains that may qualify as interest (cf. *supra*) - are tax exempt provided that the Notes are held as private investment and the sale is deemed to constitute a normal act of management of the Notes. Capital losses realised upon the disposal of the Notes held as non-professional investment are in principle not tax deductible.

Tax treatment in the hands of Belgian resident corporations

Noteholders who are subject to Belgian corporate income tax (*Vennootschapsbelasting/Impôt des sociétés*) and who do not qualify for a special corporate tax regime (e.g. Sicavs, pension funds, etc.) are subject to the following tax treatment with respect to the Notes.

Interest income derived from the Notes and any capital gains realized upon the sale of the Notes, will in principle be subject to Belgian corporate income tax at a rate of 29,58 per cent as of assessment year 2019 linked to a taxable period

starting at the earliest on 1 January 2018[11]. As from that same assessment year, a reduced rate of 20,4 per cent will apply to the first EUR 100,000 of a small company's taxable base[12]. As from assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020, the ordinary and reduced corporate income tax rates will decrease to 25 per cent and 20 per cent respectively.

Belgian withholding tax withheld by a Belgian paying agent intervening in the pay-out of the interest, is, subject to certain conditions, creditable against any corporate income tax due and the excess amount will in principle be refundable.

Capital losses realized on the sale of the Notes are in principle tax deductible.

Other Belgian resident legal entities

Legal entities who are Belgian residents for tax purposes and who are subject to Belgian tax on legal entities (*Rechtspersonenbelasting/impôt des personnes morales*) are subject to the following tax treatment with respect to the Notes.

Belgian withholding tax withheld by a Belgian paying agent intervening in the pay-out of the interest, constitutes the final tax cost for the Noteholders. If the income is not subject to Belgian withholding tax, the Noteholders are required to declare this income in their annual tax return and to pay the tax on legal entities on this interest income at a rate of 30 per cent..

Capital gains realized on the sale of the Notes are in principle tax exempt, with the exception of any amount of these gains that may qualify as interest (cf. *supra*) Capital losses realized on the sale of the Notes are in principle not tax deductible.

Special tax regimes

Under Belgian tax law, a number of entities such as qualifying pension funds and qualifying investment companies enjoy a special tax regime, whereby income out of investments (such as interest income and capital gains) is in principle not taken into account for determining the taxable basis. Capital losses are in principle not tax deductible.

Non-resident investors

Noteholders who are not residents of Belgium for Belgian tax purposes and who do not hold the Notes for purposes of the exercise of a professional activity through a permanent establishment in Belgium, will in principle not incur or become liable for any Belgian tax on income or capital gains.

Belgian withholding tax of in principle 30 per cent may however apply if the interest is paid out to a non-resident through a Belgian paying agent. Lower rates may be available under a double taxation treaty between Belgium and the state of residence of the non-resident Noteholder and if the latter delivers the necessary affidavit as imposed by law.

The non-resident Noteholder who does not invest in the Notes in the course of his Belgian professional activity through a permanent establishment in Belgium, may obtain a withholding tax exemption for interest paid through a credit institution, a stock market company or a clearing or settlement institution established in Belgium, provided that he delivers an affidavit to such institution or company confirming that he is a non-resident holding the Notes in full ownership or in usufruct who does not allocate the Notes to the exercise of a professional activity.

Non-resident investors who allocate the Notes to the exercise a professional activity in Belgium through a permanent establishment, are subject to the same tax rules as the Belgian resident companies or Belgian professionals.

Tax on Stock Exchange Transactions and Tax on Repurchase Transactions

[11] The applicable rate for an earlier assessment year is 33,99%.
[12] The applicable rate for an earlier assessment year is 33,99%.

The Belgian tax on stock exchange transactions (*Taxe sur les opérations de bourse / Taks op de beursverrichtingen*) is not due upon the issue of the Notes.

The transfer (for consideration) of the Notes on a secondary market may trigger the tax on stock exchange transactions if (i) it is executed in Belgium through a professional intermediary, or (ii) if it is deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or by legal entities for the account of their registered office or establishment in Belgium.

The tax that will be due upon each sale and acquisition of the Notes at the rate of 0,12% (capped at EUR 1,300 per transaction and per party). The tax is due separately by each party to any such transaction, i.e. the seller and the purchaser, and is collected by the professional intermediary. However, if the professional intermediary is established outside of Belgium, the tax will in principle be due by the private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. In the latter case, the foreign professional intermediary has to provide its client (who gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day on which the relevant transaction was realized.

Professional intermediaries established outside of Belgium may appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities. Such representative will then be required to pay the tax on stock exchange transactions to the Belgian Treasury and to comply with reporting obligations in that respect. If such representative has paid the tax on stock exchange transactions, the Belgian Noteholder will, as per the above, no longer be required to pay the tax on stock exchange transactions.

A tax on repurchase transactions at the rate of 0.085 per cent will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of EUR 1,300 per transaction and per party).

However the tax on stock exchange transactions and the tax on repurchase transactions will not be payable by exempt persons acting for their own account, including (i) investors who are not Belgian residents, provided that they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and (ii) certain Belgian institutional investors as defined in article 126.1 2° of the code of miscellaneous duties and taxes for the tax on stock exchange transactions and article 139, second paragraph, of the same code for the tax on repurchase transactions ("*Wetboek diverse rechten en taksen"/"Code des droits et taxes divers*").

Tax on securities accounts

A new 0.15% tax ("*taks op de effectenrekeningen"/"taxe sur les comptes-titres*") has been introduced per 10 March 2018 on the average value of qualifying financial instruments held by Belgian resident individuals on securities accounts with one or more financial intermediaries located or established in Belgium or abroad. The tax on securities accounts also applies to non-resident individuals holding qualifying financial instruments on securities accounts with one or more financial intermediaries located or established in Belgium. Under certain double taxation treaties concluded by Belgium, individuals who are a resident of the other state may claim an exemption from this tax on securities accounts The Notes qualify as a financial instrument subject to this tax. .

No tax on securities accounts is due if the share of the Noteholder in the average value of the qualifying financial instruments on those accounts, amounts to less than EUR 500,000. If the average value is superior to EUR 500,000, the tax on securities accounts is due on the entire share of the holder in the average value of the qualifying financial instruments on those accounts (and hence, not only on the part which exceeds the EUR 500,000 threshold). The average value of the qualifying instruments is determined per a reference period of 12 consecutive months starting on 1 October and ending on 30 September of the subsequent year, with the first reference period starting per 10 March 2018 and ending per 30 September 2018.

The tax on securities accounts is in principle due by the financial intermediary established or located in Belgium if (i) the Noteholder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the Noteholder instructed the financial intermediary to levy the tax on securities accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value of each of these accounts do

not amount to EUR 500,000 or more but of which the holder's share in the total average value of these accounts exceeds EUR 500,000 EUR).

If the tax on securities accounts is not paid by the financial intermediary, the Noteholder will have to declare and pay the said tax, unless he provides evidence that the tax has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a tax on the securities accounts representative in Belgium, subject to certain conditions and formalities. Such representative will then be liable towards the Belgian Treasury for the tax on the securities accounts due and for complying with certain reporting obligations in that respect.

Prospective investors are advised to seek their own professional advice in relation to the tax on securities accounts.

The proposed financial transactions tax

The European Commission has published a proposal for a Directive for a common financial transactions tax. The Commission's proposal has a very broad scope and could, if introduced, apply to certain dealings involving the Notes.

The proposal currently stipulates that once the financial transactions tax enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the financial transactions tax (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished if and when the financial transactions tax were to enter into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed or aborted at any time.

Gift tax and inheritance tax

Belgian tax legislation provides both gift tax and inheritance tax.

The rates vary depending on the Region in which the donator or the deceased has/had his residence (Brussels Region, Flemish Region, Walloon Region).

Luxembourg Taxation

The statements herein regarding withholding tax considerations in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in law.

The following information is of a general nature, is not intended to be, nor should it be construed to be, legal or tax advice, and does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the Securities. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject as a result of the purchase, ownership and disposition of the Securities.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of similar nature refers to Luxembourg tax law and/or concepts only.

Withholding tax

Non-Resident holders of Securities

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon settlement, repurchase or exchange of the Securities held by non-resident holders of Securities.

Resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon settlement, repurchase or exchange of Securities held by Luxembourg resident holders of Securities.

Under the Law, as from 1 January 2017, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a so-called residual entity (within the meaning of the amended Luxembourg laws of 21 June 2005 implementing the Savings Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), as amended) established in a EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner are at present subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest or similar income under the Securities coming within the scope of the Law will be subject to withholding tax of 20 per cent.

Austrian Taxation

The following is a general overview of certain Austrian tax aspects in connection with the Notes. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Notes nor does it take into account the Noteholders' individual circumstances or any special tax treatment applicable to the Noteholder. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisors as to the particular tax consequences of the acquisition, ownership, disposition or redemption of the Notes.

This overview is based on Austrian law as in force when drawing up this Prospectus. The laws and their interpretation by the tax authorities and tax courts may change and such changes may also have retroactive effect. It cannot be ruled out that the Austrian tax authorities adopt a view different from that outlined below.

Individuals resident in Austria

Income from the Notes derived by individuals, whose domicile or habitual abode is in Austria, is subject to Austrian income tax pursuant to the provisions of the Austrian Income Tax Act *(Einkommensteuergesetz).* Interest income from the Notes is subject to a special income tax rate of 27.5%. The income tax for interest income generally constitutes a final taxation (*Endbesteuerung*) for individuals, irrespectively whether the Notes are held as private assets or as business assets. The Income will be subject to withholding tax if the Notes are kept or administrated by a paying agent *(auszahlende Stelle)* in Austria. However, if the income is not subject to withholding tax deduction, the taxpayer will have to include the interest income derived from the Notes in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act.

Furthermore, any realized capital gain *(Einkünfte aus realisierten Wertsteigerungen)* from the Notes by individuals is subject to Austrian income tax at a rate of 27.5%. Realised capital gain means inter alia any income derived from the sale or redemption of the Notes. The tax base is, in general, the difference between the sale proceeds or the redemption amount and the acquisition costs, in each case including accrued interest. Expenses which are directly connected with income subject to the special tax rate are not deductible. For Notes held as private assets, the acquisition costs shall not include incidental acquisition costs. The Income will again be subject to withholding tax if the Notes are kept or administrated in a custodial institution *(depotführende Stelle)* or paying agent *(auszahlende Stelle*) in Austria. If the income from the capital gain is not subject to withholding tax deduction, the taxpayer will have to include the interest income derived from the Notes in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act.

The Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Austrian corporations

Corporations seated in Austria or whose place of management is in Austria are subject to corporate income tax at a tax rate of 25%. This includes income from notes and realized capital gains form Notes.

If applicable, Austrian corporations holding Notes may declare exemption from withholding tax deduction by submitting a corresponding statement (*Befreiungserklärun*g) to the Austrian custody bank and competent financial authority. With this statement the Austrian corporation has to declare its identity and has to confirm that the Notes are held as business assets. If such declaration is not submitted all income from the Notes will in general be subject to withholding tax deduction. Such withheld tax may be set off with the corporate income tax.

Again, the Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Non-resident individuals

Income derived from the Notes by individuals who do not have a domicile or their habitual abode within the European Union – in case they receive income or capital gains from the Notes through a securities depository or payment agent located in Austria – are in principle subject to Austrian limited tax liability but the individual may be eligible to apply for a refund to Austrian withholding tax on the basis of applicable double taxation treaties.

The Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Foreign corporations

Corporations who do not have their seat or place of management in Austria are subject to Austrian limited corporate income tax liability (non-resident taxation).

Income including capital gains derived from the Notes by corporations who do not have their corporate seat or their place of management in Austria *("non-residents")* is in general not taxable in Austria provided that the income is not attributable to an Austrian permanent establishment.

Again, the Issuer does not assume any responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Swedish Taxation

The following is a summary of certain Swedish tax consequences of relevance to the purchase, holding and disposal of the Securities that are considered to be debt instruments and of Securities that are considered to be equity instruments. The summary is applicable to individuals and limited liability companies tax resident in Sweden (unless otherwise stated). The summary is based on the laws and practices currently in force in Sweden regarding the tax position of investors beneficially owning their Securities as capital assets and should be treated with appropriate caution. The summary does not address the participation exemption regime which may apply to limited liability companies. Neither does the summary address the rules on closely held corporations. Moreover, the summary does not address shares or other equity-related securities that are held on a so-called investment savings account (Sw. investeringssparkonto) and that are subject to special rules on standardised taxation. Particular rules may apply to certain taxpayers holding Securities. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Securities should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Securities and the receipt of dividend or interest thereon under the laws of their country of residence, citizenship or domicile.

Individuals

In general, a payment to an individual of any amount that is considered to be dividend or interest for Swedish tax purposes, will be considered as capital income for Swedish tax purposes.

Individuals will also be subject to Swedish income tax on any capital gain on the sale of Securities. Redemption of the Securities is treated as a sale of Securities. The capital gain or loss is normally calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the average cost method. Upon the sale of listed shares, the tax basis may alternatively be determined according to the standard method as 20 percent of the sales proceeds after deducting sales costs.

The tax rate for capital income is generally 30 per cent. However, for non-listed shares in certain companies only 5/6 of dividends and capital gains are taxable, i.e. the effective tax rate is 25 per cent. This rule applies to shares in Swedish non-listed companies and to shares in foreign non-listed companies which are taxed in a similar way as Swedish corporations.

Capital losses on listed shares are fully deductible against taxable capital gains on shares and on other listed equity-related securities realised in the same year, except for units in securities funds or special funds which consist solely of Swedish receivables *(Sw. räntefonder).* With regards to non-listed shares, only 5/6 of the capital losses are deductible against such taxable capital gains on shares and other equity-related securities. Up to 70 per cent of capital losses on shares that cannot be offset in this way are deductible against other capital income. Capital losses on listed receivables, except for losses on government bonds *(Sw. premieobligationer),* are fully deductible. For capital losses on non-listed receivables, 70 per cent of the capital losses are deductible.

If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 percent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 percent on any remaining loss. Such loss cannot be carried forward to future fiscal years.

A Swedish payor is generally obliged to withhold preliminary income tax on payments of interest and dividends to individuals resident in Sweden and such deceased individuals' estates. The tax rate to be withheld is 30 per cent.

Limited Liability Companies

For a limited liability company, all income including taxable dividends and capital gains, is taxed as business income at a tax rate of 22 per cent. Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals. According to recent proposal for new legislation, based on a EU directive, it is most likely that the corporate income tax rate will be lowered for business income year starting from 1 January 2019.

Deductible capital losses on shares may only be deducted against capital gains on shares and other equity-related securities. Under certain circumstances such capital losses may also be deducted against capital gains in another company in the same group, provided that the companies can tax consolidate (*Sw. koncernbidragsrätt*). A capital loss that cannot be utilized during a given fiscal year may be carried forward and be off set against taxable gains on shares and other equity-related securities during subsequent fiscal years, without limitation in time. Capital losses on receivables are generally fully deductible.

Non-Swedish tax residents

Under Swedish law, payments of dividends, principal or interest on the Securities to a non-resident holder of Securities are not subject to tax in Sweden, unless such non-resident holder of Securities carries on a trade or business through a permanent establishment in Sweden to which the payment of dividends, principal or interest is attributable.

For shareholders not tax resident in Sweden that receive dividends on shares in a Swedish limited liability company, a Swedish withholding tax is normally payable. The general tax rate is 30 per cent but it may be reduced under applicable tax treaties. An anti avoidance provision applies. If the person entitled to the dividend holds shares under such conditions that an other party improperly is provided the benefit when making decisions on income tax or gain exemption from withholding tax, withholding tax will be charged on the transaction.

Swedish law does not impose withholding tax on payments of principal or interest to non-residents.

Under Swedish law, capital gain on a sale of Securities by a non-resident holder will not be subject to Swedish income tax unless the holder carries on a trade or business in Sweden through a permanent establishment to which the capital gain is attributable. However, individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. However, it should be noted that this rule may be limited by the applicable tax treaty.

Other Taxes

No stamp, issue, registration, transfer or similar taxes or duties are imposed in Sweden in connection with the issuance, purchase, disposal of the Securities. There is no VAT on transfer of the Securities in Sweden. Swedish law does not impose inheritance or gift taxes.

EU Savings Directive

Under the EU Savings Directive, member states are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state. The Swedish implementation of the EU Savings Directive entered into effect as of 1 July 2005.

EU Financial Transaction Tax

On the European Union level, negotiations are underway in order to implement a harmonized financial transaction tax which might have negative impact on the return on the Structured Products. To date, Sweden has been against the introduction of such a financial transaction tax.

Danish Taxation

General

The following is a brief summary of some important principles of Danish tax law that may be of relevance for Danish holders of Notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold 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 professional dealers in securities) may be subject to special rules. The summary is based on Danish tax law as of 12 June 2018. The summary deals only with taxation in Denmark and not with foreign tax rules.

It should also be noted that the taxation of the Notes may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect. Investors interested in the Notes should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Notes.

Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

Depending on the terms under which the Notes may be redeemed, the Notes may be governed by the special provisions on structured notes in Section 29(3) of the Danish Act on Taxation of Debt, Debt Claims and Financial Contracts (in

Danish: Kursgevinstloven) (the "Act"). Basically, this means that any income on the Notes is to be taxed according to a mark-to-market principle, i.e. taxation occurs on an accrual basis on the basis of the annual increase or descrease in the value of the Notes.

The below description includes both a description of the ordinary tax rules and the special provisions on structured notes.

Corporate holders of the Notes

Danish legal entities, subject to corporate tax liability, will be subject to tax at a flat rate of 22 % on any income derived from the Notes including interest. A net loss on the Notes would generally be tax deductible (certain exemptions apply for structured notes). Taxation applies on an accrual basis.

Individuals holders of the Notes

Individual holders of the Notes will be subject to tax on income derived from the Notes including interest, as capital income. Capital income is taxed at a marginal tax rate of 42%.

Gains and losses on Notes issued to individuals are generally included in the taxable income on a realised basis. The gain or loss will only be included in the taxable income when the net gain or loss for the year on debt claims, net gains/losses on debt denominated in foreign currency and gains/losses on investment certificates in bond-based investment funds subject to minimum taxation in total exceeds DKK 2,000.

However, for structured notes, taxation applies on an accrual basis with no minimum threshold and individuals may generally only deduct a capital loss on structured notes against gains on other financial instruments (such as structured notes) which relate to the same income year. Further, losses may be carried forward and deducted against net gains on financial instruments in future income years. Moreover, certain additional exceptions apply regarding deduction of losses.

Investors holding The Notes via a pension scheme

Investors holding the Notes via a pension scheme will be taxed according to the mark-to-market principle, i.e. on an unrealized basis, at a flat rate of 15.3 % on the return pursuant to section 2 of the Pension Investment Returns Tax Act.

Withholding taxes

No deduction or withholding for or on account of Danish tax is required to be made on payments from the Issuer to Danish holders of the Notes.

VAT

No Danish value added tax is imposed on a transfer of the Notes.

Inheritance/Gift tax

Upon inheritance, a tax must be paid if the deceased person's residence is within Danish jurisdiction or if real estate is situated in Denmark. The tax rate for close relatives is 15 % and for other beneficiaries is 36.25 %, calculated on the basis of inheritance exceeding, in 2018, DKK 289,000. A non-separated spouse is not taxed on the inheritance.

Gifts are as a starting point taxed the same way as proceeds from inheritance. Gifts to a spouse are tax exempt. Gifts exceeding, in the year 2018, DKK 64,300 per year to close relatives are taxed at rate of 15 % whilst gifts to certain others relatives are taxed at 36.25 %. Gifts to other beneficiaries are taxable income for the beneficiaries if they are Danish residents for tax purposes.

Council Directive 2014/107/EU

Denmark has implemented the provisions of Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. Accordingly, Denmark is required to

exchange information with the tax authorities of other member states relating to, inter alia, payments of interest (or similar income) paid by a person in Denmark to a person resident in another member state.

Croatian Taxation

The statements herein regarding taxation are based on the laws in force in Croatia as of the date of this Base Prospectus and are subject to any changes in law and/or entry into force of any relevant law occurring after such date, which changes could be made on a retroactive basis. The following summary 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 Securities 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 Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.

Taxation of individuals

Tax obligor is a natural person - income earner and heir to all tax obligations arising from income earned by the decedent until his death. The heir is at the same time tax obligor to income accrued from inherited sources of income.

Taxable sources of income are:

(i) income from salaried employment,
(ii) income from self-employment,
(iii) income from property and property rights,
(iv) income from capital,
(v) income from insurance,
(vi) other income.

Resident is a natural person whose residence or habitual abode is in the Republic of Croatia. Resident is also a natural person not having the place of residence or habitual abode in the Republic of Croatia and is employed with a governmental office of the Republic of Croatia and receives salary on that basis.

Non-resident is a natural person not having the place of residence or habitual abode in the Republic of Croatia and earning income in the Republic of Croatia which is taxable according to the Croatian Income Tax Act.

Taxable basis i.e. tax base:

a. for a resident is the total amount of income gained from salaried employment, self-employment, property and property rights, capital, income from insurance and other income gained by the resident in the country and abroad (world income principle) less resident's personal allowance,
b. for a non-resident is the total amount of income from salaried employment, self-employment, property and property rights, capital, income from insurance and other income gained by the non-resident in the country (domicile land principle) less non-resident's personal allowance.

Income from capital are deemed receipts from interests, withdrawals of assets and use of services charged against income of the current period, capital gains and shares in profit realised from allocation or option purchase of treasury shares, which are realised in the tax period, including dividends and shares in profit on the basis of shares in capital.

Amendments to the Croatian Income Tax Act, have introduced certain changes in relation to taxation of capital income. Namely, whilst under the earlier version of the Croatian Income Tax Act, income tax was payable only on interests realized on the basis of granted loans and facilities, including those realized through commission loans, currently applicable version of the Croatian Income Tax Act provides for wider list of earnings from interests being subject to taxation (at applicable rate as provided for in the Croatian Income Tax Act), including those realized under a) interests payable on securities (*vrijednosni papiri*), b) interest on HRK and foreign savings, c) revenues realized based on division of income of an investment fund in form of interest, if they are not taxed as profit shares on the basis of distribution of profit or income of an investment fund . However, the Croatian Income Tax Act provides for explicit statutory exemption, among others in case of default interest and interest realised through investment in the notes (being

obveznice under applicable Croatian laws), regardless of the issuer and type of notes. As no guidance has been published by the Croatian Tax Authorities, potential interpretation of the said provisions by the Croatian Tax Authorities cannot be assessed.

As of 1 January 2016, pursuant to the Croatian Income Tax Act, capital income on the basis of capital gain represents a difference between the agreed selling price, i.e. revenue determined based on the market value of financial assets being disposed of and the purchase value.

Within the meaning of the foregoing paragraph, the following revenues are considered as revenues realized by disposal of financial assets (financial instruments and structured products), i.e. receipts from: (i) transferable securities (*vrijednosni papiri*) and structured products, including shares in companies and other associations whose shares may be disposed of similarly as shares in companies; (ii) money market instruments; (iii) units of joint ventures; (iv) derivatives; and/or (v) proportional value of liquidation estate in case of liquidation of an investment fund and other revenues realized from ownership shares in case of liquidation, cessation or withdrawal.

Within the meaning of the foregoing paragraphs, disposal of financial assets means sale, exchange, gift or other transfer, however does not include: (i) transfer of share from one pension fund to another; (ii) exchange of securities (*vrijednosni papiri*) with the equivalent securities of the same issuer, whereby the ratios among the holders and capital of issuer are not altered, as well as exchange of securities (*vrijednosni papiri*), i.e. financial instruments with other securities (*vrijednosni papiri*) or financial instruments, and acquisition of securities (*vrijednosni papiri*) or financial instruments in case of change of status changes, provided that in all these cases there is no cash flow and the sequence of acquisition of financial property is ensured (acquisition value shall be considered the value determined on the date of first acquisition of financial property); (iii) division of stocks of the same issuer, whereupon the share capital shall not be altered and there shall be no cash flow; (iv) exchange of shares among the investment sub-funds under the same umbrella fund, i.e. exchange of shares among the investment funds managed by the same management company, provided that the sequence of acquisition of financial property is ensured (acquisition value shall be considered the value determined on the date of first acquisition of financial property); and (v) repurchase of shares of the Croatian War Veterans' Fund.

Capital income from revenues from joint ventures shall be determined in the amount of realized yield, decreased for costs of management of investments, i.e. costs of management of investment fund assets (net yield), i.e. in case of discounted securities (*vrijednosi papiri*) and zero-coupon bonds, in the amount of difference between the purchase value at the moment of issue and realized value at maturity if the purchaser holds the security until its maturity. Capital income on the basis of capital gains realized through the investment of financial assets into portfolios, in line with the regulations applicable for capital markets, shall be determined in the moment of realization of yield from the portfolio decreased by the costs of portfolio management (net yield).

Capital income on the basis of capital gains shall not be taxed if disposal has been made between the spouses and first-degree relatives and other members of immediate family (as defined in the Croatian Income Tax Act), between the divorced spouses if disposal is in immediate connection with the divorce, inheritance of financial assets and if financial assets are disposed of after two years from the date of purchase, i.e. acquisition of the same.

If financial assets were acquired as a gift and disposed of in a period of two years from the date of acquisition, the person disposing the assets shall be determined the capital income in line with the Croatian Income Tax Act.

Capital losses may be deducted only from the income from capital gains which is realized in the same calendar year. Capital losses may be stated up to the amount of the tax basis.

Capital income realized in a foreign currency shall be calculated in HRK counter value by application of the middle exchange rate of the Croatian National Bank on the day of payment.

Specifically, as income from capital are deemed capital gains and gains from dividends and profit sharing on the basis of shares in the capital. Income tax payments on the basis of receipts from dividends or profit sharing on the basis of shares in capital, and capital gains are payable at the rate of 12% without recognition of personal allowance referred to in Article 14 of the Croatian Income Tax Act. Dividend payments and payments on profit sharing on the basis of shares in capital are taxable at source, while the obligor of calculation, withholding and payment of tax for capital gains is the tax obligor acquirer of revenue from the country or from the abroad, if not provided to the contrary by an international

treaty (or the company managing financial assets of the tax obligor or Central Depository and Clearing Company); for income from capital based on disposal of share in capital, a tax obligor and; a person disposing of financial assets in case of financial assets was acquired as a gift and disposed of in a period of two years from the date of acquisition. The company, payer of dividends or shares in profit is obliged to assess, withhold and pay tax simultaneously with the payments of dividends or profit. It should be noted that on top of income tax the income tax surcharge is levied which is defined in the city or municipal regulations depending on the place of residence or habitual abode of the tax obligor. The tax basis for surcharge tax is the assessed income tax and the payer of the receipts is obliged to assess, withhold and prepay tax simultaneously with the payment of receipts.

In a situation where the tax payer chose that Central Depository and Clearing Company shall keep records, calculate income and income tax and report to tax authorities thereof, the tax payer is obliged to deliver all data necessary for determination of income tax to Central Depository and Clearing Company.

The general tax rules outlined above apply to the extent there are no limitations imposed under applicable double tax treaties. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty under the conditions as provided for in the applicable tax legislation.

If the resident receives income from capital from abroad, he is obliged to prepay tax at the applicable tax rate.

Inheritance and gift taxation

In accordance with Local Taxes Act and subject to any applicable double taxation treaty, any natural person or legal entity who inherits or receives gifts (including securities) with individual value higher than HRK 50,000.00 in the Republic of Croatia is under an obligation to pay Croatian tax in respect of such inheritance or gift at a rate of 4%. Certain exemptions with respect to application of the aforestated tax are available in line with the Local Taxes Act.

EU Savings Directive

EU Savings Directive has been incorporated in the Croatian General Tax Act and has come into force on 1st July 2013.

The EU Saving Directive has been repealed by Council Directive (EU) 2015/2060 of 10 November 2015 which came into force on 1st January 2017.

No gross-up for taxes withheld

Purchasers of the Notes should note that 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.

Other Taxes

No stamp, issue or registration taxes or duties will be payable in Croatia in connection with the issuance, delivery or execution of the Notes.

Taxation of corporations

Corporate (profit) tax obligors are:

(i) companies and other legal entities and natural persons residing in the Republic of Croatia that are self-employed and perform operations permanently and for the purpose of making the profit, income or revenues or other valuable commercial benefits;
(ii) local business units of a foreign entrepreneur (non-resident);

(iii) a natural person gaining income according to income tax regulations if he/she declares that he/she will pay corporate (profit) tax instead of income tax;
(iv) an entrepreneur-natural person, receiving income from trade and operations comparable to trade:
- if the total turnover in the previous tax period exceeded HRK 3,000,000, or
- if two of the three following requirements are met:
- if the income earned in the previous tax period exceeded HRK 400,000, or
- if the value of his long-term assets exceeds HRK 2,000,000, or
- if he in the previous tax period had more than 15 employees on average;
(v) exceptionally, government administration bodies, regional self-administration bodies, local self-administration bodies, Croatian National Bank, institutions of regional self-administration units, institutions of local self-administration units, state institutes, religious communities, political parties, trade unions, chambers, associations, artists associations, voluntary fire-fighting societies, technical culture communities, tourist communities, sports clubs, sports societies and associations, trusts and funds, if they perform commercial activities whose non-taxation would lead to unjustified advantages on the market (they are subject to corporate (profit) tax for such commercial activities). The tax authority will at own initiative or at the proposal of other tax obligors declare in its decision that the above stated persons are obliged to pay corporate (profit) tax for such commercial activities;
(vi) each entrepreneur not counted to entrepreneurs counted in items (i) through (v) who is not an income tax obligor according to the income tax regulations and whose profit is not taxable elsewhere.

The tax base shall be the profit determined pursuant to the accounting regulations as the difference between revenues and expenditures before the profit tax assessment, increased and reduced in accordance with the provisions of Croatian Profit Tax Act. The tax base of a resident taxpayer shall be the profit earned in Croatia and abroad and the tax base of a non-resident shall only be the profit earned in Croatia which shall be assessed in accordance with the provisions of Croatian Profit Tax Act.

Withholding tax obligors are payers of interests (certain exemptions available under the Crotian Profit Tax Act), dividends, shares in profit, royalties for copyrights and other intellectual property rights (copyrights, patents, licences, trademarks, designs or models, production processes, production formulae, drawings, plans, industrial or scientific experience and similar rights) and certain other services under the conditions provide in the Croatian Profit Tax Act to foreign persons other than natural persons and paying for market research services, tax and business consulting or audit services to foreign persons and paying any other kinds of services paid to persons having their registered seats or places of actual administration or supervision in countries deemed tax havens or financial centres other than EU member states and countries with which the Republic of Croatia entered into and applies double tax treaties and which are included in the List of Countries issued by the Finance Minister and published on web pages of the Ministry of Finance and Tax Administration.

The tax base shall be the profit determined pursuant to the accounting regulations as the difference between revenues and expenditures before the profit tax assessment, increased and reduced in accordance with the provisions of the Crotian Profit Tax Act. In case of withholding tax the subject of taxation is the gross amount of payment paid by a payer in the country to a non-resident - foreign recipient.

Corporate (profit) tax rate is 12% if the income of the tax obligor in the tax period amounts to HRK 3,000,000.00 and 18% if the income of the tax obligor in the tax period is equal or higher than HRK 3,000,000.01. Withholding tax rate is 15%, except for dividends and shares in profit for which the withholding tax rate is 12%, and 20% for all kinds of services paid to persons having their registered seat or place of actual administration or supervision in countries deemed tax havens or financial centres other than EU member states and countries with which the Republic of Croatia entered into and applies double tax treaties and which are included in the List of Countries issued by the Finance Minister and published on web pages of the Ministry of Finance and Tax Administration.

Croatian withholding tax can be reduced under and effective double tax treaty.

Finally, Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States and the Council Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, have been transposed to Croatian legal system.

Maltese Taxation

This information is being given solely for general information and does not constitute a substitute for legal or tax advice, and it does not purport to be exhaustive. Investors and prospective investors are recommended to seek professional advice as regards Maltese and any foreign tax legislation which may be applicable to the acquisition, holding and disposal of the Note. The below constitutes a summary of the anticipated tax treatment which may be applicable to the Noteholder and is based on the understanding that the Issuer is not tax resident in Malta. The below information is based on the interpretation of Maltese tax laws as at the date of this Euro Medium Term Note Programme

General Taxation Principles

An individual who is resident and domiciled in Malta, or who is a resident non-domiciled individual, or vice-versa and who is married to an individual who is resident and domiciled in Malta, shall be subject to income tax, and certain capital gains, in Malta on a worldwide basis, wherever the income is arising, and whether the income is remitted to Malta or not.

An individual who is a resident but not domiciled in Malta, or vice versa, shall be subject to tax in Malta on the following:

i) On income which arises in Malta e.g. interest on deposits with Maltese banks (though this may be subject to a 15% final withholding tax, in which case it would not be declared in the income tax return) and any employment income from employment exercised in Malta;

ii) On certain capital gains which arise in Malta e.g. on certain sales of securities, such as shares or stocks, in Maltese companies;

iii) On foreign income which is remitted (i.e. physically transferred) to Malta e.g. on foreign investment income paid directly into a Maltese bank account or which although not paid directly into Malta is remitted to Malta.

In terms of Maltese income tax legislation, tax is payable on the amount 'received in Malta', Maltese tax authorities interpret the terms 'received in Malta' and 'remitted to Malta' interchangeably. Foreign income which is not received in or remitted to Malta is not taxable in Malta and should not be declared in one's Maltese income tax return.

The concept of ordinary residence in Malta is one which is not defined under the provisions of the Income Tax Act, Chapter 123 of the Laws of Malta, but is one which has been adopted primarily from UK jurisprudence.

An individual may be said to be ordinarily resident in Malta when not just mere physical residence is established but when residence is present with some degree of continuity and frequency. Ordinary residence therefore signifies a person's voluntary intention to establish a regular physical presence, which presence is part of the regular order of a person's life.

Residence, on the other hand denotes the establishment of physical residence, usually for a period of at least one hundred and eighty three (183) days in a calendar year. The physical test is however not a stand-alone test in order for the residence criteria to be established. Various other criteria are also assessed in order to determine the presence or lack of residence, this would typically include; family ties, business ties, frequency of visits to the country, memberships in clubs or the like, reasons for visits.

The concept of domicile on the other hand is a distinguished concept from that of ordinary residence and residence. Maltese law does not define the concept of domicile however this concept is similar to what is found under UK law.

Domicile is not about physical presence in a jurisdiction but is about the indefinite and permanent intention to reside in a given jurisdiction. If the necessary intention to indefinitely reside in a country is present, then there may be a situation where one acquires a domicile of choice.

An individual who is neither resident nor domiciled in Malta is subject to tax in Malta on any income which is arising/generated in Malta, such as any interest which accrues in a Maltese bank account.

A company which is incorporated in Malta and which has its effective control and management in Malta shall be deemed to be an entity which is resident and domiciled in Malta and shall be liable to tax in Malta on a worldwide basis. A company which is incorporated in Malta but does not have its effective control and management in Malta, or vice versa, shall be taxable in Malta on income which arises in Malta and on a remittance basis.

Income Tax

In accordance with Maltese law, passive income received in the hands of the Noteholder shall be deemed to arise in the country where the payer is situated. We understand that the Issuer will not be situated in Malta, therefore the interest income will be subject to tax in Malta depending on the tax status of the Noteholder, and depending on whether such interest income is remitted/physically transferred to Malta.

Capital Gains

Capital gains or profit derived by the Noteholder from the transfer of the Note may be taxable in Malta depending on the tax status of the Noteholder. Securities which are subject to capital gains tax in Malta include any shares and stocks which participate in any way in the profits of a company and whose return is not limited to a fixed rate of return. We understand that the Notes to be held by the Noteholder will not participate in any way in the profits derived by the Issuer and on this basis, should not give rise to any capital gains implications in Malta.

Stamp Duty

The Transfer of the Note by the Noteholder may possibly be subject to stamp duty under the Duty on Documents and Transfesr Act, Chapter 364 of the Laws of Malta, in the hands of the person acquiring the Note. However, if the Notes constitute financial instruments of a company quoted on a regulated market for the purposes of the Finanical Markets Act (Chapter 345 of the Laws of Malta), the transfer of such Notes may be exempt from Maltese duty.

Greece Taxation

The following is a summary of certain key aspects of tax treatment by the Hellenic Republic ("Greece") at the date hereof in relation to the purchase, ownership and disposal of the Notes by holders that are beneficial owners of the Notes, whether or not they reside or maintain a permanent establishment in Greece for Greek tax purposes. This summary is of general nature and does not constitute a complete analysis of relevant matters. In particular, it is based on the provisions of tax laws currently in force in Greece and current administrative practice of the Greek tax authorities, without taking into account any developments or amendments after the date hereof, whether or not such developments or amendments have retroactive effect. A number of key matters pertaining to Greek taxation summarised below are governed by Greek Law 4172/2013 (on the taxation of income generated as of 1 January 2014), as amended by Laws 4223/2013, 4254/2014 and 4316/2014 and interpreted by Ministerial Circular 1032/2015, and certain related matters are governed by the recently enacted Law 4387/2016. These laws, as they are still in force, were enacted recently and in some cases their provisions have not yet been interpreted or clarified by the competent departments of the Greek Ministry of Finance, in accordance with its past practice; consequently, they are subject to potential contrary or different future interpretations, guidelines or other forms of instruction that may be issued by the Greek Ministry of Finance in the form of circulars, ministerial decisions or other secondary legislation, and court interpretation.

As a result, this summary is a general guide and should be treated with appropriate caution and, therefore, potential investors should consult their own tax advisers as to Greek tax consequences of the purchase, ownership and disposal of the Notes.

Withholding and Income Tax

Non-resident holders of Notes

Holders of Notes who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes will not be subject to withholding tax in Greece with respect to principal, premium or interest payments under the Notes, or accrued (but unpaid) interest at the time of disposal of the Notes, as the case may be.

Resident holders of Notes

Holders of Notes who either reside or maintain a permanent establishment in Greece for Greek tax law purposes will be taxed as follows:

- ***Individuals****:* Interest payable under the Notes in favour of individuals who are Greek tax residents will be subject to income tax at the flat rate of 15 per cent. If interest payments to individual resident holders are effected through an intermediary Greek banking institution, a withholding of 15 per cent. may be applied, which will exhaust the individual's Greek tax liability.

- ***Legal entities*****:** Interest payable under the Notes in favour of legal entities holding Notes, that are either Greek tax resident or maintain a permanent establishment in Greece for Greek tax law purposes, will be treated as part of their annual gross income taxed at the standard applicable corporate income tax (in their annual income tax return). If interest payments to such entities are effected through an intermediary Greek banking institution, a withholding of 15 per cent. may be applied, which will not exhaust the entire tax liability, but can be offset against the entities' final Greek income tax liability. The applicable tax rate for corporate income for the fiscal year 2017 is currently 29 per cent. for legal entities keeping double-entry books (including Société Anonymes, Limited Liability Companies and Private Capital Companies). Portfolio investment companies and real estate investment companies that are tax residents of Greece are no longer entitled to a withholding tax exemption on dividends earned in Greece, following the recent enactment of Law 4387/2016, and are, hence, subject to tax withholding at the applicable tax rates.

Any income tax payable as above by individuals or legal entities holding Notes that are tax residents of Greece can be reduced by the amount of tax they have paid in another country for the same income (foreign tax credit), subject to the provisions of the applicable tax treaty for the avoidance of double taxation between Greece and such other country. Such credit is available only up to the amount of the tax that would be payable in Greece. The same tax treatment applies to interest accrued (but unpaid) at the time of disposal of the Notes.

Capital gains realized from the transfer of the Notes

Non-resident holders of Notes

No Greek capital gains tax will apply to capital gains realised from the disposal of the Notes by holders that are not Greek tax residents and/or do not have a permanent establishment in Greece for tax purposes, provided that such gain is realised outside Greece.

Resident holders of Notes

Pursuant to recently-issued Ministerial Circular 1032/2015, any capital gains arising from the disposal of the Notes by individuals or legal entities that are Greek tax residents and/or have a permanent establishment in Greece for tax purposes are exempt from capital gains tax in Greece, provided that the securities issued in the European Union, the European Economic Area (EEA), or the European Free Trade Association (EFTA). In the event that the securities issued in third countries, then capital gains are subject to tax at a rate of 15 per cent**.**

Value Added Tax

No value added tax is payable in Greece upon disposal of the Notes.

Inheritance Tax and Taxation on Gifts

Inheritance tax

Notes will be subject to Greek inheritance tax in the event the deceased holder was a Greek resident or a Greek national. If, however, the Notes were located outside Greece and the deceased Greek national holder of Notes had been residing outside Greece for at least ten successive years prior to his/her death, the Notes will generally be exempt from Greek inheritance tax (subject to certain limited exemptions).

Greek inheritance tax is calculated pursuant to progressive tax scales depending on the relationship between the heir and the deceased (a tax free amount may apply subject to certain conditions). In the event no family relationship exists between the heir and the deceased, inheritance tax rates are set on the basis of a progressive tax scale from 0 per cent. to 40 per cent., depending on the value of the Notes inherited.

Any foreign tax paid on the Notes in a country other than Greece may be credited against the relevant Greek tax liability, but the amount credited may not exceed the respective amount of Greek inheritance tax due on these Notes.

Gift tax

A gift of Notes is subject to Greek tax, if the holder of the Notes (donor) is a Greek national, or if the recipient thereof is a Greek national or resident. The rates of gift tax are the same as those for inheritance tax.

Stamp Duty

No Greek stamp duty applies to the issuance or transfer of the Notes.

EU Savings Directive

Pursuant to Council Directive 2003/48/EC, as amended by Directive 2014/48/EU of 24 March 2014 on taxation of savings income in the form of interest payments, Member States, including Greece, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to a person resident in that other Member State. Greece has implemented the Directive 2015/2060/EU as of 1 January 2016 and, as a result, exchanges information with other Member States' tax authorities.

Cyprus Taxation

The following is a general summary of certain tax aspects of the Notes under Cyprus law and practice in force and applies as at the date of this Base Prospectus and does not purport to be a comprehensive description of all tax aspects relating to Notes. This summary does not analyse the tax position of the Issuer and it does not constitute, nor should it be construed as, tax or legal advice. Prospective investors should consult their tax and other professional advisers as to the specific tax consequences of acquiring, holding and disposing of Notes and of receiving interest on any Notes.

Introduction

In accordance with the provisions of the Income Tax Law, Law 118(I)/2002 , as amended, (the "**Income Tax Law**") a person, whether natural or legal, is liable to tax on its worldwide income on the basis of residency.

A person is Cyprus resident for the purposes of the Income Tax Law where (a) in the case of a natural person, that person is (i) present in Cyprus for a period (or periods in aggregate) in ***Cyprus***
excess of 183 days in a tax year; or (ii) not present in any other country for a period (or periods in aggregate) in excess of 183 days in a tax year and is not a tax resident in any such other country in respect of that tax year then, subject to satisfying certain conditions under the Income Tax Law, such person will be considered Cyprus tax resident; and (b) in the case of a company, its management and control is exercised in Cyprus. A tax year for the purposes of the Income Tax Law coincides with the calendar year.

A person, whether natural or legal, who is not a Cyprus tax resident for the purposes of the Income Tax Law, is taxed on income derived from sources in Cyprus or from a business activity which is carried out through a permanent establishment in Cyprus. A company is regarded as having a "*permanent establishment*" in Cyprus, if it has a fixed base

of business through which it carries out its business fully or partially, including a management base, a branch or an office.

Interest Income

(i) Non-Cyprus Tax Residents

A person, whether natural or legal, who is not a Cyprus tax resident for the purposes of the Income Tax Law, as stated above, will not be liable for any income tax or for the special contribution defence tax, as described below. Payments of interest made by the Issuer to such non Cyprus tax resident persons will not be subject to any Cyprus withholding taxes.

(ii) Cyprus tax resident and domiciled individuals

Pursuant to the provisions of the Special Defence Contribution Law, Law 117(I)/2002, as amended, (the "**SDF Law**") interest income received by or credited to a Cyprus tax resident and domiciled individual is subject to a special defence contribution levy at the rate of 30%. However, if interest received or credited by a Cyprus tax resident and domiciled individual, is considered to arise in the ordinary course of the individual's business or considered closely connected with the carrying on of his or hers business, then it is treated as trading income and subject to income tax pursuant to the Income Tax Law and not under the SDF Law.

Cyprus tax resident companies that pay interest in respect of which special contribution defence tax is due by Cyprus tax resident individuals, are obliged to withhold the special contribution defence tax at source and remit the tax to the Cypriot tax authorities.

(iii) Cyprus tax resident companies

Any interest accruing or received by a Cyprus resident company which is considered to arise in the ordinary course of the business or is considered closely connected with the carrying on of its business, is subject only to (corporate) income tax at the rate of 12.5 %. The foregoing income is not liable to any tax under the SDF Law.

Interest income not arising in the ordinary course of business or not being considered closely connected thereto is exempt from (corporate) income tax and is subject to tax under the SDF Law at the rate of 30%.

Profit from the Disposal of the Notes

Any gains derived from the disposal of Notes by a Cyprus resident natural person or legal entity are exempt from income tax in Cyprus.

Any gain derived from the disposal of Notes is not subject to Cyprus income tax, irrespective of the trading nature of the gain, the number of Notes held or the period for which the Notes were held.

Further, other than as stated herein below, any gain derived from the disposal of Notes is also outside the scope of application of the Capital Gains Tax Law 52/1980, as amended.

Gain derived from the disposal of shares of companies, not listed in a recognised stock exchange, that hold, either directly or indirectly (through layer(s) of companies) immovable property(ies) situated in Cyprus is subject to capital gains tax at the rate of 20% on such gain. In particular, capital gains tax is payable:

(i) on disposal of shares of company(ies) holding immovable property(ies) situated in Cyprus;

(ii) on disposal of shares of company(ies) that directly or indirectly participate in company(ies) holding immovable property(ies) situated in Cyprus and at least 50% or more of the fair market value of such shares derives from the fair market value of the immovable property(ies) situated in Cyprus**.**

However, interest income is subject to the treatment set out above.

Stamp Duty

The Stamp Duty Law of 19(I)/1963, as amended, (the "Stamp Duty Law") provides, inter alia, the following:

"4. (1) *every instrument specified in the First Schedule shall be chargeable with duty of the amount specified in the said Schedule as the proper duty therefore respectively if it relates to any asset situated in the Republic or to matter or things which shall be performed or done in the Republic irrespective of the place where the document is made.*"

Pursuant to the Stamp Duty Law, the stamp duty rates are as follows: (a) on agreements with value between € 5001 to € 170,000, for every amount of €1000 or part of the amount of € 1000, the stamp duty is € 1,50; and (b) for agreements with value more than € 170,000, for every amount of € 1000 or part of the amount of € 1000, the levy is € 2.00 with a cap of €20.000.

The issue of Notes by the Issuer will not be liable to stamp duty where the proceeds of the issue will remain outside Cyprus, will be utilised for purposes outside Cyprus and the obligation under such Notes will be repaid outside Cyprus.

Provided that the Notes are cleared and settled outside the Republic of Cyprus, i.e. through Euroclear and/or Clearstream, in Luxembourg and/or any other clearing and settlement system located outside the Republic of Cyprus, and further provided that originals of any document or instrument relating to the sale or transfer of Notes is not brought into the Republic of Cyprus, the sale or transfer of Notes, whether effected by residents or non residents of the Republic of Cyprus, will not attract stamp duty.

EU Savings Directive

The EU Savings Directive 2003/48, as amended by EU Directive 2014/107 on mandatory automatic exchange of information in the field of taxation, requires Member States, including Cyprus, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to a person resident in that other Member State, including, amongst other things, the name, address, tax identification number, account number or functional equivalent in the absence of an account number, and the name and identifying number (if any) of the Reporting Financial Institution. EU Directive 2014/107 has been implemented into Cypriot law by virtue of the enactment of Law 60(I)/2016.

Under EC Council Directive 2003/48 (EU Savings Directive) recently replaced by EC Council Directive 2014/107, Member States are required to provide to the tax authorities of another Member State details of certain payments of interest (or similar income) paid by a person within their jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Austria (until 31 December 2016) is instead required to operate a withholding system at a withholding tax rate of 35 per cent. in relation to such payments unless during that period it elects otherwise. A number of non-EU countries and territories including Switzerland have adopted similar measures.

In particular, before the EU Savings Directive was replaced by EC Council Directive 2014/107 by means of 2015/2060, on 24 March 2014 the Council of the European Union adopted a Council Directive (the **Amending Savings Directive**) amending and broadening the scope of the requirements described above. Member States are required to adopt national rules for transposing the Amending Savings Directive by 1 January 2016 and to apply these new requirements from 1 January 2017. In particular, the changes expand the range of payments covered by the Savings Directive to include certain additional types of income, and the application of a "look-through approach" to payments made via certain entities or legal arrangements (including trusts and partnerships) where certain conditions are satisfied, where an individual resident in a Member State is regarded as the beneficial owner of the payment for the purposes of the Amending Savings Directive. This approach may in some cases apply where the entity or legal arrangement is established or effectively managed outside of the European Union.

In addition, on 9 December 2014 the Council of the European Union adopted another Directive amending Directive 2011/16/EU on administrative cooperation in the field of taxation (together, the **Amended Administration Cooperation Directive**). The Amended Administration Cooperation Directive introduced an automatic exchange of information regime within the EU and is generally broader in scope than the Savings Directive (as amended by the Amending Savings Directive), save that it does not provide for a withholding regime. The Amended Administrative Cooperation Directive requires Member States to implement national legislation giving effect to the 2014 changes by 1 January 2015, which must apply from 1 January 2016.

On 8 December 2015, the European Council approved EU Council Directive 2015/2376 (the **Tax Transparency Package**) related to Council Directive 2014/107/EU amending Council Directive 2011/16/EU on the mandatory automatic exchange of information (the **Amending Directive on Administrative Cooperation**).

The Amending Directive on Administrative Cooperation provides for mandatory automatic exchange of information to a full range of income, including the automatic exchange of financial account information, in accordance with the Global Standard rele/ased by the OECD Council in July 2014. The Amending Directive on Administrative Cooperation is generally broader in scope than the EU Savings Directive and provides that in cases of overlap of scope, the Amending Directive on Administrative Cooperation prevails. In order to avoid dual reporting obligations, it has been proposed to repeal the EU Savings Directive.

On the basis of EU Directives mentioned above, Member States must adopt and publish laws, regulations and administrative provisions necessary to comply with the Amending Directive on Administrative Cooperation by 31 December 2016. They are required to apply these provisions from 1 January 2017.

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 (**FTT**) 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.

On 27 January 2015, the Finance Ministers of Austria, Belgium, Estonia, France, Germany, Italy, Portugal, Slovakia, Slovenia and Spain issued a joint statement (the **Statement**) setting out their renewed commitment to agree on a directive implementing a financial transaction tax at the European Union level (EU FTT). The 2015 Statement notes that the EU FTT should be taxed on the widest possible base and at low rates. The participating Member States reiterated their "*willingness to create the conditions necessary*" to implement the EU FTT on 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made after 31 December 2018 or, if later, the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment". This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised 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 passthru 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.

While the Notes are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. 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. FATCA 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 their custodians and 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. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Notes, none of the Issuer, any paying agent or any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Notes should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Notes.

FATCA is particularly complex and its application to the Issuer, the Notes, and investors in the Notes is uncertain at this time. The application of FATCA to "foreign passthough payments" on the Notes or to Notes issued or materially modified after the grandfathering date may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "IGA"). The FATCA agreement between Italy and the United States entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015 (Law No. 95 dated 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015). Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in repect of its account holdiers and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

Please consider that if the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

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. There will be no public offer of the Notes in the United States.

The Bearer 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 Code and U.S. Treasury 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.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not applicable", each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

ii. a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

iii. not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "offer" includes 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.

Public Offer Selling Restriction under the Prospectus Directive

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not applicable", each Manager has represented and agreed that, 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:

(a) 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;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 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

(d) 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 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:

(a) 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

(b) 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 (a) or (b) 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 (a) and (b) 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 (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (as amended) and the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012 of Ireland (ii) the provisions of the Companies Act 2014 of Ireland (as amended) (the "**2014 Act**") and any rules issued under section 1363 of the 2014 Act by the Central Bank of Ireland, (iii) the Central Bank Acts 1942 to 2015 of Ireland and any codes of conduct made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended) or any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 of Ireland (as amended) and (iv) every other enactment that is to be read together with any of the foregoing 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 Union (Markets in Financial Instruments) Regulations 2017 of Ireland (as amended) and, in connection therewith, any codes of conduct used or rules issued and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland and with the provisions of the Investor Compensation Act 1998 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 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (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 Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland (as amended) and any Irish market abuse law as defined in those Regulations or the 2014 Act and any rules made or guidance issued by the Central Bank of Ireland in connection therewith, including any rules issued under section 1370 of the 2014 Act 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:

(a) 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, if the Issuer was not an authorised person, apply to the Issuer; and

(b) 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 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 Act No. 256/2004 Coll., on Capital Market Undertakings, 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 (offering is aimed only at qualified investors, group smaller than 150 persons excluding qualified investors and/or minimum investment is higher than EUR 100,000) - any communication to a broader circle of persons containing information on the securities being offered and the terms under which such persons 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 under Czech law within the meaning of the Czech Act No. 190/2004 Coll., on Bonds, as amended (the **Bonds Act**), 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 Czech Act No. 21/1992 Coll., on Banks, as amended (the **Banking Act**), the Issuer being considered to be supporting, publicizing or making otherwise available activities prohibited by the Czech Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended (the **MCIFA**), 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 Bonds Act, the Banking Act, the MCIFA 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 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*) (the **"WpPG"**) and any other applicable German laws.

In particular the Notes may only be offered publicly in Germany if:

a) a prospectus in relation to the Notes has been published which has been previously approved either (i) by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the **"BaFin"**) or (ii) by the competent authority in another signatory state of the European Economic Area provided that the BaFin is notified in accordance with the relevant provisions of the home state and the language of the prospectus meets the requirements set forth in the WpPG; or

b) an exemption from the obligation to publish a prospectus applies. Such exemption applies *inter alios* to the following cases:

- the offer of securities is addressed exclusively to certain qualified investors defined in the WpPG;

- the offer of securities is addressed to fewer than 150 non-qualified investors per signatory state of the European Economic Area;

- the offer of securities is addressed to investors who may acquire securities for a total consideration of at least 100,000 euros per investor, for each separate offer;

- if the securities have a minimum denomination per unit of 100,000 euros; or

- if the sale price for all securities offered in the European Economic Area is less than 100,000 euros with this limit being calculated over a period of 12 months.

In relation to securities intended for admission to trading on an organised market in Germany, the applicant for admission shall publish a prospectus unless the offer benefits from an exemption set out in section 4 (2) WpPG; or 267.

For the purposes of the WpPG the term **"public offering"** means a communication to the public in any form and by any means, presenting sufficient information on the terms of the offer and the securities so as to enable an investor to decide to purchase or to subscribe to these securities; this also applies to the placement of securities through institutions as defined in section 1 (1b) of the German Banking Act (*Kreditwesengesetz*) (the **"KWG"**) or enterprises operating under section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the KWG, with communications relating to the trading of securities on an organised market or an the regulated unofficial market (*Freiverkehr*) not constituting a public offer.

France

The Manager or, as the case may be, each of the Managers, and the Issuer has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that:

(a) Offer to the public in France:

it has only made and will only make an offer of Notes to the public (*offre au public de titres financiers*) in France and it has distributed or caused to be distributed and will distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes in the period beginning on the date of publication of the Base Prospectus in relation to those Notes which has been approved by the *Autorité des Marchés Financiers* (the "**AMF**") in France or, where appropriate, when approved in another Member State of the European Economic Area which has implemented the Prospectus Directive on the date of notification to the AMF in France, and ending at the latest on the date which is twelve (12) months after the date of approval of the Base Prospectus all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, the *Règlement général* of the AMF and the Prospectus Directive; or

(b) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties (*les personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Hungary

Should the Notes be offered in a public offer as defined in Act CXX of 2001 on the Capital Markets (the **Capital Markets Act**), or listed on a regulated market in Hungary, the applicable legal requirements provided by the Capital Markets Act and other relevant legal provisions effective in Hungary shall be complied with. The Base Prospectus has not been and will not be submitted for approval to the National Bank of Hungary and the Notes will not be offered in Hungary in a public offer as defined in the Capital Markets Act, nor have the Notes been nor will be listed on a regulated market in Hungary. However, in the case where the Notes are intended to be offered in a public offer or listed on a regulated market in Hungary, the competent regulator of the Relevant Member State approving the Base Prospectus shall certify to the National Bank of Hungary that it has been prepared according to the Prospectus Directive and other applicable laws of the European Union. Each Manager has confirmed its awareness of the above and represented and agreed that it has not offered or sold or made any other arrangement, and will not offer or sell or make any other arrangement, in respect of the Notes for their trading in Hungary, in a manner that would require the approval of a prospectus by the National Bank of Hungary and will not offer the Notes for sale to investors in Hungary other than in accordance with all applicable provisions of the Capital Markets Act. Should the Notes be offered in Hungary in a public offer as defined in the Capital Markets Act, the public offer of the Notes must take place through an investment firm or credit institution authorized to engage in providing the service specified in Paragraph f) or g) of Subsection (1) of Section 5 of Hungarian Act no. CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (the **Investment Services Act**), unless the public offer of the Notes takes place through the Issuer's Hungarian branch. Should the Notes be offered in a private placement in Hungary, the private placement of the Notes must take place through an investment firm or credit institution authorized to engage in providing the service specified in Paragraph f) or g) of Subsection (1) of Section 5 of the Investment Services Act, unless the private placement of the Notes takes place through the Issuer's Hungarian branch.

If the Notes are offered in a private placement in Hungary, the Issuer must report such private placement to the National Bank of Hungary within 15 days from the closing date of the private placement.

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 a well-based evaluation of the Issuer's current market, economic, financial and legal situation and its expected development as well as the rights attached to the Notes, 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

Poland is a Relevant Member State and 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, Journal of Laws of 2018, item 512, as amended) (the Act on Public Offerings), a public offering of securities in Poland or admission of securities to trading on a regulated market in Poland requires an issue prospectus to be made available to the public. Pursuant to the Prospectus Directive and 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 Poland in a public offering or admitted to trading on a regulated market in Poland on completing the passporting procedure described in that act (which in particular would require a prior notification to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and a subsequent publication of an issue prospectus in accordance with the Act on Public Offerings). Pursuant to Article 3 on 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 sufficient grounds for making a decision on whether to acquire the securities.

In light of the above, unless the requirements set forth in the Act on Public Offerings have been fulfilled, in particular the Base Prospectus has been approved by either the Polish Financial Supervision Authority or the relevant competent authority in a Member State and the Polish Financial Supervision Authority has received in particular a certificate of such approval with a copy of the approved Base Prospectus together with a Polish transaltion of the summary of the Base Prospectus, and the Base Prospectus has been published in Poland, the Notes may not be publicly offered or sold in Poland except:

(a) to fewer than 150 persons; or

(b) solely to professional clients within the meaning of the Act dated 29 July 2005 on trading in financial instruments (consolidated text Journal of Laws of 2017, item 1768, as amended); or

(c) solely to investors, each of which individually acquires the Notes with the value of at least 100,000 euro, calculated upon their issue or purchase price;

(d) if the expected gross proceeds of the issuer or the seller within the European Union, calculated in accordance with the issue price or the selling price of the Notes as at the date of its determination, amount to less than EUR 1000000 and, together with the proceeds which the issuer or the seller intended to obtain from such public offering of the Notes made during the preceding 12 months, do not reach or exceed that amount; or

(e) under other exception provided in the Act on Public Offerings.

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) in case of an exemption from publication of the prospectus pursuant to the Slovenian Market in Financial Instruments Act (Zakon o trgu finančnih instrumentov) (the ZTFI), a signed statement on making use of the exemption from publication of the prospectus must be made; an exemption from the obligation to publish a prospectus, as provided in 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 (Article 30 of ZTFI).This definition is also applicable to the sale (placement) of securities through financial intermediaries.

According to Article 44 of ZTFI in conjunction with Articles 207., 208. and 235. of 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 podjemi*), 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 point 4 of first paragraph of Article 4 of Regulation 575/2013/EU, 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;

(iv) other institutional investors whose regular business operation is investing in financial instruments, including entities dealing with securitisation of assets or other financing transactions; and

(v) persons who request to be treated as professional clients in accordance with Article 235 of ZTFI, who fulfil at least two of the following conditions: (1) the client has already concluded several transactions of a significant amount on appropriate markets with average frequency of at least ten transactions per quarter in the last year; (2) the value of portfolio of its investments in financial instruments, including cash deposits, exceeds €500.000,00; and (3) the client works or has worked for at least one year in the financial sector in a professional position which requires knowledge of activities and services the client intends to order from the brokerage company.

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 (the "**Act on Securities**"), and regulations valid in the Slovak Republic, including the regulations imposed by the National Bank of Slovakia (*Národná banka Slovenska*) as the competent supervising authority. The Act on Securities fully complies with the Prospectus Directive, as amended by the 2014 PD Amending Directive (Directive 2014/51/EU).

As a general rule, and unless stated otherwise in the Act on Securities, public offering of Notes (verejná ponuka cenných papierov) is prohibited without the prior publication of prospectus approved by the National Bank of Slovakia. For the purposes of the Act on Securities, public offering of Notes means any communication to a wider group of persons in any form and by any means, presenting sufficient information on the terms of the offer and the Notes to be offered, which enables an investor to decide to purchase or subscribe to these Notes. Public offering of Notes shall also be understood to include the placing of Notes through investment firms (obchodník s cennými papiermi) of foreign investment firms (zahraničný obchodník s cennými papiermi), provided that it is made in the manner mentioned in the previous sentence.

If the prospectus (and any supplements thereto) is approved by the competent supervisory authority of the Issuer´s home Member State other than Slovak Republic and the Notes are to be offered to the public in Slovak Republic, the prospectus shall not be subject to approval by National Bank of Slovakia and the Issuers will need to have their prospectuses properly passported (unless the applicable Slovak rules provide for the exemption from the requirement to publish a prospectus).

Publication of a prospectus is not required, if the Notes are offered in accordance with Article 3 (2) of the Prospectus Directive as amended by the 2010 PD Amending Directive and Section 120 par. 3 of the Act on Securities to (i) qualified investors solely or (ii) fewer than 150 natural or legal persons per Member State other than qualified investors or (iii) in any other circumstances falling within Article 3 (2) of the Prospectus Directive as amended and Section 120 par. 3 of the Act on Securities, such as an offer addressed to investors who acquire Notes for a total consideration of at least EUR 100.000 per investor, Notes whose denomination per unit amounts to at least EUR 100.000 and Notes with an EU-wide total consideration of less than EUR 100.000 calculated over a period of 12 months.

Any subsequent resale of Notes which were previously the subject of one or more offers mentioned in the previous paragraph shall be regarded as a separate offer of Notes and may be subject to the prior publication of the prospectus. Requirement of prior publication of another prospectus does not apply to the subsequent resale of Notes or the final placement of Notes through financial intermediaries as long as a valid prospectus is available and the issuer or the person responsible for drawing up such a prospectus consents to its use by means of a written agreement.

The obligation to publish an approved prospectus shall not apply to (i) shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase of the registered capital of the issuer, (ii) Notes offered in connection with a takeover by means of an exchange offer, provided that a document is available containing information which is regarded by the National Bank of Slovakia as being equivalent to that of the prospectus, (iii) Notes offered in connection with a takeover in exchange for other Notes or Notes offered, allotted or to be allotted in the case of merger, amalgamation or division, provided that a document is available, which contains information, that are regarded by the National Bank of Slovakia as equivalent to the information included in the prospectus, (iv) shares offered as a form of paying out the dividends, if such shares are of the same class as the shares in respect of which such dividends are paid, provided that a document is available, which contains information on the number and class of shares and reasons for and details of the offer of these Notes, and (v) Notes offered, allotted or to be allotted to existing or former members of statutory bodies, supervisory or management bodies or employees by their

employer, or an affiliated undertaking, if their registered seat or head office is in the European Union and provided that a document is available, which contains information on the number and class of the Notes and the reasons for and details of the offer of these Notes.

Spain

Neither the Notes nor this Base Prospectus have been authorised or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). The Notes may not be offered, sold or delivered in Spain except in circumstances which do not constitute a public offering of securities in Spain within the meaning of Royal Decree Legislative 4/2015, of 23 October, approving the restated text of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the "**Spanish Securities Market Law**") and Royal Decree 1310/2005 of 4 November (*Real Decreto 1310/2005 de 4 de noviembre*), both as amended and restated, and supplemental rules enacted thereunder or in substitution thereof from time to time.

Under article 35 of the Spanish Securities Market Law, constitutes a public offer for sale or subscription of securities any communication to persons in any form or by any means that facilitates sufficient information about the terms of the offer and of the securities offered so it permits an investor to decide about the acquisition or subscription of these securities.

Under such article 35 of the Spanish Securities Market Law the obligation to publish a prospectus shall not apply to any of the following types of offers which, as a result and to the effects of the Spanish Securities Market Law, shall not be considered as a public offer: (i) an offer addressed exclusively to qualified investors (as they are defined under Spanish regulations); (ii) an offer of securities addressed to fewer than 150 legal or natural persons per Member Estate, not including qualified investors; (iii) an offer of securities addressed to investors that acquire securities for a minimum amount of €100,000 per investor and for each separate offer; (iv) an offer of securities with a nominal value per unit of at least €100,000; (v) an offer of securities for a total amount in the European Union below €5,000,000, to be calculated over a period of 12 months.

Further, in those offers referred under paragraphs (ii) to (v) above (both inclusive), an entity authorised to provide investment services must intervene in order to market the securities if the offer is addressed to the public in general using any type of advertising communication.

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 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, distributions and marketing 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 Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* (**CMVM**)) Regulation 2/2012 on complex financial products (including the compliance with the applicable information duties to investors and, if applicable, prior notice to the CMVM and other disclosure duties), 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; (iii) pursuant to the CMVM Regulation 2/2012 the marketing of the Notes, even by private placement, as such may qualify as a complex financial instrument (*produto financeiro complex*), is subject to prior notice to the CMVM and to other applicable disclosure duties to the CMVM and to investors; and (iv) it will comply with all applicable provisions of the CVM and any applicable CMVM Regulations (including CMVM Regulation 2/2012) 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.

The Netherlands

Offer to the public

No 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 The Netherlands in reliance on Article 3(2) of the Prospectus Directive may be made unless:

(a) standard exemption logo and wording are disclosed as required by Section 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**DFSA**"); or

(b) such offer is otherwise made in circumstances in which Section 5:20(5) of the DFSA is not applicable,

provided that no such offer of Notes shall require the Issuer (or any dealer) 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 the provisions above, the expressions (i) an "offer of Notes to the public" in relation to any Notes in the Netherlands; and (ii) "Prospectus Directive", have the meaning given to them above in the paragraph headed with "Public Offer Selling Restriction Under the Prospectus Directive".

Zero Coupon Notes

"**Zero Coupon Notes**" means (debt) Securities that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Zero Coupon Notes in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of NYSE Euronext with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the issue and trading of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights

representing an interest in the Zero Coupon Note in global form) of any particular series of Securities are issued outside the Netherlands and are not distributed into the Netherlands in the course of their initial distribution or immediately thereafter.

In the event that the Dutch Savings Certificates Act applies, the following identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with: (i) the relevant selling restrictions must be mentioned on all offers, offer advertisements, publications and other documents or advertisements in which such an offer of the Zero Coupon Notes is made or such a forthcoming offer is announced (whether electronically or otherwise) and (ii) the Zero Coupon Notes shall not be offered, sold or transfered nor shall anyone cause the Zero Coupon Notes in definitive form and other Zero Coupon Notes in definitive form on which interest does not become due and payable during their term but only at maturity, to be offered, sold or transferred directly or indirectly, within, from or into The Netherlands, except in conformity with the requirements of the SCA. In addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (Staatsblad 129) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Zero Coupon Notes.

Belgium

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 Belgium, except under the conditions set out below.

(i) Offer to the public in Belgium:

An offer of Notes to the public in Belgium can only be made provided that a prospectus in relation to those Notes is published and valid for 12 months after its publication, which was previously approved either by the Financial Services and Markets Authority *(Autoriteit voor Financiële Diensten en Markten/ Autorité des services et marchés financiers*) (the "**FSMA**") or, where appropriate, by the competent authority in another Relevant Member State and notified to the FSMA, all in accordance with the Belgian Law of 16 June 2006 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market, as supplemented and amended from time to time (the "**Prospectus Law**").

(ii) Private placement in Belgium:

In case of a private placement of Notes in Belgium, the Issuer or Manager shall not take any action or permit an offer of Notes to the public in Belgium, and, in particular, they will not make this Base Prospectus or any other offering material relating to the Notes available to the public or cause it to be made available to the public, as part of their initial distribution or at any time thereafter. The Issuer or Manager will not use this Base Prospectus or any other offering material relating to the Notes or cause it to be used in connection with any public offering for subscription of the Notes in Belgium, and it will not directly or indirectly issue, offer or sell the Notes to the public in Belgium.

In accordance with Article 3, §2 of the Prospectus Law, certain types of offers are not considered as offers to the public. This includes offers (i) addressed solely to qualified investors in the sense of Article 10 §1 of the Prospectus Law, (ii) addressed to fewer than 150 natural or legal persons (per Relevant Member State), other than qualified investors, (iii) addressed to investors who acquire Notes for a total consideration of at least EUR 100,000 (or its equivalent in foreign currencies) per investor and for each separate offer, (iv) of Notes whose denomination per unit amounts to at least EUR 100,000 per Note, or (v) of Notes with a total consideration in the European Economic Area of less than EUR 100,000. In case of a private placement, prospective acquirers shall only acquire Notes for their own account.

(iii) Offers to consumers or non-professional clients in Belgium:

In addition to the above, the Notes shall not be offered or sold to any person qualifying as (i) a consumer within the meaning of Book I (*Definitions*) and Book VI (*Market practices and consumer protection*) of the Belgian Economic

Code, unless such offer or sale is made in compliance with the Belgian Economic Code and its implementing regulations, or (ii) a non-professional client within the meaning of Article 2, 29° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services, unless such offer or sale is made in compliance with the Belgian Royal Decree of 25 April 2014 on certain information obligations regarding the commercialisation of financial products to non-professional clients and other implementing regulations.

The Grand Duchy of Luxembourg

In addition to the cases described in the section entitled "Public Offer Selling Restriction under the Prospectus Directive in which the Manager or, as the case may be, each Manager can make an offer of the Notes to the public in an EEA Member State (including the Grand Duchy of Luxembourg (**Luxembourg**)), the Manager or, as the case may be, each Manager can also make an offer of the Notes to the public in Luxembourg provided that:

(i) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier ("**CSSF**") pursuant to Part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended ("**Luxembourg Prospectus Law**") and implementing the Prospectus Directive if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or

(ii) if Luxembourg is not the home Member State, the CSSF has been notified by the competent authority in the home Member State that a prospectus in relation to the Notes has been duly approved in accordance with the Prospectus Directive; or

(iii) the offer of the Notes benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

For the purposes of this provision, the expression "an offer of Notes to the public" 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.

Austria

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 Austria, unless

(i) an offer of the Notes to the public in Austria is made on the basis of a prospectus in relation to those Notes which has been approved by the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) ("**FMA**"), published and filed with Oesterreichische Kontrollbank Aktiengesellschaft or, where appropriate, approved by the competent authority in another Relevant Member State and notified to the FMA, all in accordance with the Austrian Capital Markets Act (*Kapitalmarktgesetz*); or

(ii) an offer of the Notes is otherwise made in Austria in compliance with the Austrian Capital Markets Act (*Kapitalmarktgesetz*) and any other applicable Austrian laws.

Sweden

No Notes may be offered to the public in Sweden nor admitted to trading on a regulated market in Sweden unless and until (A) a prospectus in relation to those Notes has been approved by the competent authority in Sweden or, where appropriate, approved in another Relevant Member State and such competent authority has notified the competent authority in Sweden, all in accordance with the Prospectus Directive and the Swedish Financial Instruments Trading Act (lag (1991:980) om handel med finansiella instrument); or (B) an exemption from the requirement to prepare a prospectus is available under the Swedish Financial Instruments Trading Act.

Denmark

No Notes may be offered or sold to the public in Denmark nor admitted to trading on a regulated market in Denmark unless and until (A) a prospectus in relation to those Notes has been approved by the competent authority in Denmark (the Danish Financial Supervisory Authority) and published or, where appropriate, approved and published in another Relevant Member State in accordance with the local laws on prospectus requirements and public offering of securities of that Member State and such competent authority has notified the Danish Financial Supervisory Authority, all in accordance with the Prospectus Directive, the Danish Capital Markets Act (the Consolidated Act no. 12 of 08 January 2018 on Capital Markets) and the Danish Executive Orders issued pursuant to the Danish Capital Markets Act as applicable and amended from time to time; or (B) an exemption from the requirement to prepare and publish a prospectus is available under the Danish Capital Markets Act as applicable and amended from time to time.

Croatia

Public offer of securities in the Republic of Croatia (as defined in the Croatian Capital Market Act and other applicable legislation) and their admission to trading on the regulated market in the Republic of Croatia is possible under the following terms:

(a) a valid prospectus must be published.

(b) the publication of a prospectus is subject to approval by the Croatian Financial Services Supervisory Agency ("Agency") in accordance with the Croatian Capital Market Act or to approval by the competent authority of a home Member State in accordance with Directive 2003/71/EC, as amended, and in accordance with Article 380 of the Croatian Capital Market Act, which defines that the prospectus and any supplements thereto approved by the competent authority of the home Member State other than Croatia have the same effect as a prospectus and any supplements thereto approved by the Agency in accordance with the provisions of the Croatian Capital Market Act provided that the Agency as a competent authority of the host Member State and ESMA are notified about such approval and provided with (1) a certificate of approval of the prospectus containing confirmation that the prospectus has been prepared in accordance with the provisions of Directive 2003/71/EC, (2) a copy of the approved prospectus and (3) translation of prospectus summary.

(c) a prospectus is valid twelve months from its approval for the purpose of offer of securities to the public or their admission to trading on a regulated market provided that the information in the prospectus is, if necessary, amended by a supplement to the prospectus, with the information about the issuer and securities to be offered to the public or listed on the regulated market. For the offering programme, the base prospectus, previously filed, shall be valid for a period of up to 12 months from its approval. In the case of non-equity securities issued in a continuous or repeated manner by credit institutions under conditions as provided for in Article 358, Paragraph 1, point 2 of the Croatian Capital Market Act, the prospectus shall be valid until no more of the securities concerned are issued in a continuous or repeated manner.

(d) exceptionally, a public offer of securities without prior publication of a prospectus is permitted in the following cases:
    (i) offer of securities exclusively to qualified investors;
    (ii) offer of securities is addressed to less than one hundred and fifty natural persons or legal entities per Member State that are not qualified investors;
    (iii) offer of securities addressed to investors that will pay for subscribed securities a minimum amount of €100,000 in HRK equivalent per investor and for each particular offer;
    (iv) offer of securities with a nominal value per unit of at least €100,000 in HRK equivalent of that amount;
    (v) offer of securities for a total consideration in the European Union for securities which is less than €100,000 in HRK equivalent, to be calculated over a period of twelve months;
    (vi) offer of shares issued in substitution for shares of the same class already issued, if the issuing of such shares does not involve any increase of the share capital of the company;

(vii) securities offered in connection with a takeover by means of an exchange offer provided that for such securities a document is available containing the information comparable to that included in the prospectus;

(viii) offer of securities allotted or to be allotted in a merger or a division provided that for such securities a document is available containing information equivalent to the information included in the prospectus taking into account the requirements of the European Union legislation;

(ix) offer of shares:

- issued to the existing shareholders on the basis of an increase of share capital from the company's funds; or
- otherwise offered or allotted to the existing shareholders free of charge or paid out as dividends to the existing shareholders if such shares are of the same class as shares in respect of which such dividends are paid, provided that a document is made available containing the information about the number and nature of such shares and reasons for and details of such an offer;

(x) securities offered, allotted or to be allotted to former or existing management board members or employees by their employer or an affiliated undertaking if their seat or registered office is in the European Union and provided that a document is available containing information about the number and the nature of such securities and the reasons for and details of the offer; and

(xi) securities offered exclusively to investors which participate in the pre-bankruptcy proceedings in line with the financial and restructuring plan of the Issuer, under the condition that the plan (i.e. the pre-bankruptcy settlement proposal) determines the number, characteristics and other essential elements of those securities.

(e) sub-clause (x) mentioned above also applies to companies domiciled in a non-Member State whose securities are admitted to trading on a regulated market or an equivalent market in a non-Member State provided that a document referred to in sub-clause (x) is available at least in a language customary in international financial circles and provided that the European Commission, at the request of the Agency or a competent authority of another Member State, has adopted an equivalent decision regarding the market of a non-Member State.

(f) any further offer of securities stated as exemption from the obligation to publish a prospectus in sub-clauses (i) - (v) and (xi) above shall be deemed a separate offer and in respect of which the offeror is obliged to publish a prospectus pursuant to the Croatian Capital Market Act.

(g) in the case of public offers of securities through financial intermediaries, there is no obligation to publish a prospectus if the final offer fulfils the conditions of any of sub-clauses (i) through (v) above.

(h) in the case of obligation to publish a prospectus referred to in clauses (f) and (g) above it is not necessary to publish a new prospectus as long as a valid prospectus for securities is available pursuant to clause (c) above and the issuer or a person responsible for the preparation of such a prospectus consents in writing to its use for that purpose.

(i) in the case of a public offer of securities exempted from the obligation to publish a prospectus in accordance with the above sub-clauses, the investment companies and credit institutions must inform the issuer on request about the conducted categorisation of the investor with due regard to the regulations concerning personal data protection.

(j) The issuer, the offeror or the person applying for the admission to trading of securities on the regulated market in the Republic of Croatia must notify the Agency on the exercise of exemption to publish the prospectus at least three working days before the commencement of the public offer that will be performed in the Republic of Croatia or the application for the admission to trading of securities on the regulated market.

(k) exceptionally, admission to trading on the regulated market of securities without prior publication of a prospectus is permitted in the following cases:

(i) securities offered in connection with a takeover by means of an exchange offer provided that for such securities a document is available containing the information comparable to that included in the prospectus taking into account the requirements of the European Union legislation;

(ii) offer of securities allotted or to be allotted in a merger or a division provided that for such securities a document is available containing information equivalent to the information included in the prospectus taking into account the requirements of the European Union legislation

(iii) securities offered or to be allotted to former or existing management board members or employees by the issuer or its affiliated undertaking provided that a document is available containing information about the number and the nature of such securities and the reasons for and details of the offer and that the securities of same class are already admitted to the same regulated market.

Accordingly,

(a) securities **offer to the public or public offer** means any communication in any form, by use of any means, containing information about conditions of the offer and the securities offered, which information is sufficient so as to enable an investor to make a decision to purchase or subscribe these securities. This definition includes the placement of securities through financial intermediaries.

(b) **qualified investor** means**:**

(i) a client who has sufficient experience, knowledge and is qualified to make an independent decision about an investment and to estimate the risks connected therewith, in particular:

a. persons that in order to operate on the financial market require a licence and/or are subject to the supervision of a regulatory body:
a.1. investment companies,
a.2. credit institutions,
a.3. other financial institutions licenced for operations by the competent authority in accordance with the legal regulations governing their operations,
a.4. insurance companies,
a.5. subjects for joint ventures and their management companies,
a.6. companies for management of pension funds and pension funds,
a.7. pension insurance companies,
a.8.entities trading with commodities and derivative instruments on commodities,
a.9. local companies,
a.10. other institutional investors whose principal business activities are not listed under alineas a.1. through a.8. of this paragraph and are subject to approval or supervision of the operations on the financial market;

b. legal entities that, in relation to the preceding accounting period, meet at least 2 of the following requirements:
b.1. total assets amount to not less than HRK 150,000,000,
b.2. net income in the minimum amount of HRK 300,000,000,
b.3. capital in the amount of not less than HRK 15,000,000;

c. national and regional governments, public bodies for management of public debt, central banks, international and supranational institutions, such as World Bank, International Monetary Fund, European Central Bank, European Investment Bank and similar international organisations;

d. other institutional investors whose principal business activities are investment in financial instruments, which are not subject to authorisation or supervision of operations on the financial market by the competent authorities, including entities formed for the purpose of securitisation of assets.

(ii) a client demanding to be treated as a professional investor and a client for whom an investment company estimates that he has sufficient knowledge, experience and qualifications to make independent decisions about investments and to understand the risk included, provided that the estimate should fulfil at least two of the following criteria:

a. the client performed on average on the capital market relevant for him (a market on which are traded financial instruments for which that client wishes to gain a status of a professional investor) 10 transactions of a substantial value, within each quarter of the preceding year;
b. the size of client's portfolio of financial instruments (including cash and financial instruments) exceeds HRK 4,000,000;
c. the client operates or has operated in a financial sector for at least one year in operations requiring knowledge about planned transactions or services.

(iii) a qualified client, in particular:
a. investment companies,
b. credit institutions,
c. insurance companies,
d. management companies of open investment funds with public offer and open investment funds with public offer,
e. pension funds management companies and pension funds,
f. other financial institutions required to obtain a licence for operations or whose operations are governed by the regulations of the Community or a Member State,
g. persons whose ordinary business consist of trading for own account with commodities and/or other derivatives on commodities, unless they are included in a group whose main business purpose is to provide other investment services in conformity with the Croatian Capital Market Act or bank services in conformity with the law governing formation and operations of credit institutions and persons having a status of local companies under the Croatian Capital Market Act,
h. national governments and public bodies for the management of public debt and central banks,
i. supranational organisations.

Malta

The distribution of this Prospectus and any offer, sale or other action in connection with any securities in, or involving Malta must be carried out in conformity with the provisions of the Companies Act 1995 (Chapter 365 of the Laws of Malta), the Companies Act (Prospectus Regulations) (Chapter 365.11 of the Laws of Malta), the Prevention of Financial Markets Abuse Act (Chapter 486 of the Laws of Malta), the Listing Rules issued by the Malta Financial Services Authority and any other applicable laws and regulations in Malta, as amended from time to time.

It shall not be lawful for a public company to issue any form of application for its shares or debentures unless the company is registered and the form of application is issued with a prospectus, unless the requirement does not arise under Maltese law.

A prospectus in relation to an offer to the public which has been approved by the regulatory authority of an EU member state other than Malta or an EEA State shall only be deemed to have been approved once that authority has provided the Registrar of Companies with a certificate of approval certifying, amongst others, that the prospectus has been drawn up in accordance with the Prospectus Directive and that the prospectus has been approved by the regulatory authority of such EU member state or EEA state, together with a copy of the prospectus.

Greece

The Notes have not been submitted to the approval procedure of the Hellenic Capital Market Commission contemplated by Law 3401/2005 which implements the Prospectus Directive, as amended by Law 4099/2012 which implements Directive 2010/73/EU amending the Prospectus Directive, as it has been further amended with Laws 4281/2014, 4416/2016 and 4465/2017. Any Manager or any distributor of Notes will be required to represent and agree that it has not offered or sold and will not offer or sell the Notes, unless it has complied and will comply with: (i) the public offer selling restrictions under the Prospectus Directive, as amended by Directive 2010/73/EU described above in this section; (ii) all applicable provisions of Greek Law 3401/2005, implementing into Greek law the Prospectus Directive, as amended by Law 4099/2012, implementing into Greek Law Directive 2010/73/EU amending the Prospectus Directive

and Law 4416/2016, implementing into Greek Law Directive 2014/91/EU; and (iii) all applicable provisions of Greek Law 876/1979, as currently in force, with respect to anything done in relation to any offering of any Notes in, from, or otherwise involving the Hellenic Republic.

Cyprus

The Issuer and each Manager has represented, warranted and agreed, and each further Manager appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has offered, sold or delivered and it will offer, sell or deliver any Notes, and it has distributed, made available or caused to be distributed, and will distribute, make available or cause the distribution of, this Base Prospectus or any other offering or promotional material relating to the Notes, in compliance with the Public Offer and Prospectus Law 114(I)/2005, as amended; and

(b) it has offered, sold or delivered, and it will offer, sell or deliver, any Notes, and it has provided, and will provide within the Republic of Cyprus any "Investment Services", "Investment Activities" and "Ancillary Services" (as such terms are defined in the Investment Services and Activities and Regulated Markets Law 87(I)/2017, as the same may be amended, (the "**Investment Services Law**")) in relation to the Notes, in compliance with the Investment Services Law and, to the extent applicable, the Investment Services and Activities and Regulated Markets Law 114(I)/2007, as amended.

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 23 February 2018.

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 Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin's regulated market and to be listed on the Official List of Euronext Dublin. Euronext Dublin's regulated market is a regulated market for the purposes of the MiFID II (Directive 2014/65/EU).

Notes may be issued under the Programme which are not listed or admitted to trading, as the case may be, on Euronext Dublin or any other stock exchange or market or trading venues or Notes may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets or trading venues as the Issuer may specify in the applicable Final Terms.

Documents Available

For so long as any Securities remain outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified offices of the Principal Security Agent in Luxembourg and the registered office of the Issuer by electronic means, save that item (iii) will be available for inspection only:

(a) the constitutional documents of the Issuer;

(b) the audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 2016 and the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 2016;

(c) the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(d) a copy of this Base Prospectus;

(e) 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

(f) 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 Brusssels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 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 December 2017 and there has been no material adverse change in the prospects of the Issuer since 31 December 2017.

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 2016 and 31 December 2017, which are incorporated by reference in this Base Prospectus.

THE ISSUER

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As to English law and Italian law

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