

## BASE PROSPECTUS



### **BANCA IMI S.p.A.**

*(incorporated with limited liability in the Republic of Italy)*

## **CREDIT LINKED CERTIFICATES PROGRAMME**

Under the terms of its Credit Linked Certificates Programme (the **Programme**), Banca IMI S.p.A. (the **Issuer**) may from time to time issue Certificates relating to the credit of a specified entity or entities (the **Certificates** or **Securities**). Each issue of Certificates will be made on the terms set out herein which are relevant to such Certificates under "*Terms and Conditions of the Certificates*" (the **Conditions**) and in the form of the relevant final terms document (the **Final Terms**).

This Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under Directive 2003/71/EC (the **Prospectus Directive**). The Central Bank 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 Certificates which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC as amended and/or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange for Certificates issued under the Programme during the period of twelve months after the date hereof to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Main Securities Market**). The Main Securities Market is a regulated market for the purposes of the Directive 2004/39/EC as amended.

The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such further or other stock exchanges or markets as the Issuer may determine. The applicable Final Terms will specify whether or not Certificates are to be listed on the Irish Stock Exchange and/or any other stock exchange(s). The Issuer may also issue unlisted Certificates and/or Certificates not admitted to trading on any market.

**Prospective purchasers of Certificates should ensure that they understand the nature of the relevant Certificates and the extent of their exposure to risks and that they consider the suitability of the relevant Certificates as an investment in the light of their own circumstances and financial condition. Certificates involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a loss of all or part of the purchase price of their Certificates. 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 Certificates and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See "*Risk Factors*" on pages 26 to 45. The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.**

The Certificates have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws and trading in the Certificates has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. The Certificates are only being offered and sold pursuant to the registration exemption provided by Regulation S under the Securities Act. No Certificates of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (within the meaning of Regulation S under the Securities Act) and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. The Certificates may not be legally or beneficially owned

at any time by any U.S. person. For a description of certain further restrictions on offers and sales of the Certificates and on the distribution of this Base Prospectus, see "*Offering and Sale*" below.

The date of this Base Prospectus is 28 June 2013.

## IMPORTANT NOTICES

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

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

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Certificates are the Issuer, the persons named in the applicable Final Terms as the relevant Manager(s) and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

This Base Prospectus is to be read and construed in conjunction with any supplement hereto and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and, in relation to any Certificates, 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.

A description of the Final Terms is set out herein on page 134 and will specify with respect to the issue of Certificates to which it relates, *inter alia*, the specific designation of the Certificates, the aggregate number and type of the Certificates, the date of issue of the Certificates, the issue price, the credit event of the specified entity or entities to which the Certificates relate, certain other terms relating to the offering and sale of the Certificates including whether they bear remuneration and the exercise date.

The applicable Final Terms will (if applicable) contain information relating to the reference obligation of a specified Reference Entity (each a Reference Item) to which the Certificates relate and which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to a Reference Item will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the relevant Reference Entity. The Issuer will, unless otherwise expressly stated in the applicable Final Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the Reference Entity of such Reference Item, no facts have been omitted that would render the reproduced inaccurate or misleading, but the Issuer does not accept any further or other responsibility in respect of such information.

As specified in the applicable Final Terms, each issue of Certificates will entitle the holder thereof to receive a cash amount from the Issuer calculated in accordance with the Conditions on such terms as are set out in the Conditions, all as set forth in the Conditions.

Copies of Final Terms will be available from the registered office of the Issuer and the specified offices set out below of the Security Agents (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 Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any other manager of an issue of Certificates (each a Manager).

No Manager has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility 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 the Certificates (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 Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates 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 Certificates constitutes an offer or an invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Certificates.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Certificates 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 Certificates.

The Certificates are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

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

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

Certain Tranches of Certificates 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 Certificates. However, any person making or intending to make a Public Offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) may only do so if this Base Prospectus 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 published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Public Offer of such Certificates.

Save as provided above, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any Public Offer of Certificates 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 any Public Offer of Certificates, the Issuer has requested the Central Bank to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in

relation to the passporting of the Base Prospectus to the competent authorities of the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, France, The Netherlands, Belgium, Poland, Czech Republic, Hungary, Slovak Republic and Slovenian Republic (the **Initial Host Member States**). In addition, the Issuer may request the Central Bank to provide a passport in relation to the passporting of the Base Prospectus to the competent authorities of the Portuguese Republic, Germany and Spain (the **Subsequent Host Member States**, and together with the Initial Host Member States, the **Host Member States**). Even though the Issuer has elected (or will elect) to passport this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of Certificates to see whether the Issuer has elected to make a public offer of Certificates in either the Republic of Ireland or a Host Member State (each a **Public Offer Jurisdiction**).

The Issuer accepts responsibility in the Public Offer Jurisdictions for which it has given consent referred to herein for the content of this Base Prospectus in relation to any person (an **Investor**) to whom an offer of any Certificates is made by any financial intermediary to whom the Issuer has given its consent to use this Base Prospectus (such financial intermediary, an **Authorised Offeror**), where the offer is made during the period for which that consent is given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, the Issuer does not have any responsibility for any of the actions of an Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

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 Certificates 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.

**Save as provided below, none of the Issuer and any Manager has authorised the making of any Public Offer by any offeror nor have they consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Certificates. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer and any Manager accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.** If, in the context of a Public Offer, an Investor is offered Certificates 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 Article 6 of the Prospectus Directive in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether they can rely on this Base Prospectus and/or who is responsible for its contents they should take legal advice.

#### *Consent*

In connection with each Tranche of Certificates and subject to the conditions set out below under "*Common Conditions to 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 Certificates during the relevant Offer Period stated in the Final Terms by the relevant Manager and by:
  - (a) any financial intermediary specified in the applicable Final Terms; and
  - (b) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website ([www.bancaimi.com](http://www.bancaimi.com)) and identified as an Authorised Offeror in respect of the relevant Public Offer; and
- (2) if (and only if) Part B of the applicable Final Terms specifies that the Issuer consents to the use of the Base Prospectus by all financial intermediaries, 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 Certificates during the relevant Offer Period stated in the Final Terms by any financial intermediary which satisfies the "*Specific Conditions to 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 Consent*" below if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (i) is only valid with reference to Public Offers occurring within 12 months from the date of this Base Prospectus;
- (ii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Certificates in each Relevant Member State, as specified in the applicable Final Terms; and
- (iii) is subject to any other conditions set out in Part B of the applicable Final Terms.

Each Tranche of Certificates may only be offered to Investors as part of a Public Offer in the Relevant Member State(s) 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 Consent*

The conditions to the Issuer's consent are that:

- (i) the financial intermediary must be authorised to make such offers under the applicable legislation implementing the Markets in Financial Instruments Directive in the Relevant Member State;
- (ii) the financial intermediary accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Certificates] (the **Certificates**) described in the Final Terms dated [insert date] (the **Final Terms**) published by Banca IMI S.p.A. (the **Issuer**). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Certificates in [insert Member State(s)] (the **Offer**) in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer 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 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 Certificates 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 "Offering 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) received or paid by that financial intermediary in relation to the offer or sale of the Certificates 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 Certificates under the applicable laws and regulations of the Relevant Member State;

- (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 Certificates 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 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 Certificates or potential Investor in the Certificates 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 any regulator in relation to the Certificates, 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 any 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 Certificates and/or as to allow the Issuer or the relevant Manager fully to comply within its own legal, tax and regulatory requirements,

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

- (i) during the period of the initial offering of the Certificates: (i) not sell the Certificates 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 Certificates 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 Certificates (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 Certificates, 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 Certificates 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) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;

- (m) make available to each potential Investor in the Certificates 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
  - (n) 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 Certificates 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.

**Any financial intermediary who meets all of the conditions set out in "*Specific Conditions to 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 statement (duly completed) specified at paragraph (ii) under "*Specific Conditions to Consent*" above.

#### **ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS**

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY CERTIFICATES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH CERTIFICATES 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 CERTIFICATES 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 AND 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***

Certificates 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 remuneration applicable to the Certificates and prevailing market conditions at that time. The Offer Price of such Certificates 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 Certificates to such Investor. Neither the Issuer or the relevant Manager(s) will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Certificates to such Investor.

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF CERTIFICATES GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates 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 Certificates may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Certificates 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 Certificates or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Certificates 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 Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Poland, Ireland, Czech Republic, Hungary, Slovak Republic and Slovenian Republic) (see "*Offering and Sale*" on page 119).

The Certificates of each issue may be sold by the Issuer and/or any Manager at such time and at such prices as the Issuer and/or the Manager(s) may select. There is no obligation upon the Issuer or any Manager to sell all of the Certificates of any issue. The Certificates of any issue may be

offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Certificates 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 Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of Certificates which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Certificates 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 have authorised, nor do they authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

**TO ENSURE COMPLIANCE WITH U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION CONTAINED OR REFERRED TO IN THIS BASE PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY, PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE ISSUER BY THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

All references to "USD", "U.S.\$", "\$", "US Dollars", "US dollars" and "U.S. dollars" are to United States dollars and references to "euro", "EUR" and "€" are 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.

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**In connection with the issue of any Securities, the person or persons (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising 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 Securities 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 Securities and 60 days after the date of the allotment of the relevant Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## SUMMARY OF THE PROGRAMME

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

This summary contains all the Elements required to be included in a summary for this type of securities 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 due to the type of securities 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”.

<b>Section A – INTRODUCTION AND WARNINGS</b>	
<b>A.1</b>	<p>This summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Certificates should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b>	<p>Certain Tranches of Certificates with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Public Offer.</p> <p><b>Consent:</b> Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Certificates by (i) the Distributor(s), whose name(s) are listed in the applicable Final Terms and whose name(s) is(are) published on the Issuer’s website and identified as an Authorised Offeror(s) in respect of the relevant Public Offer; and/or (ii) any financial intermediary which is authorised to make such offers under the applicable legislation implementing Directive 2004/39/EC (MiFID) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p>"We, [insert name of financial intermediary], refer to the [insert title of relevant Certificates] (the <b>Certificates</b>) described in the Final Terms dated [insert date] (the <b>Final Terms</b>) published by Banca IMI S.p.A. (the <b>Issuer</b>). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates can be offered] (the <b>Offer</b>) in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".</p> <p>(each an <b>Authorised Offeror</b>).</p> <p><b>Offer period:</b> The Issuer's consent referred to above is given for Public Offers of Certificates during the offer period for the Certificates to be specified in the applicable Final Terms (the <b>Offer Period</b>.)</p> <p><b>Conditions to consent:</b> 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 Certificates in the Relevant Member State in which the particular Tranche of Certificates can be offered, as specified in the applicable Final Terms, and (c) is valid according to any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms.</p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY CERTIFICATES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH CERTIFICATES 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</b></p>

**PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]**

**Section B – ISSUERS AND GUARANTOR**

<b>B.1</b>	<b>Legal and Commercial Name of the Issuers</b>	Banca IMI S.p.A.																																																									
<b>B.2</b>	<b>Domicile/ Legal Form/ Legislation/ Country of Incorporation</b>	The Issuer is incorporated as a <i>società per azioni</i> with limited liability under the laws of the Republic of Italy. The Issuer is registered with the Companies' Register of Milan under No. 04377700150. Its registered office is at Largo Mattioli 3, 20121 Milan, with telephone number +39 02 72611.																																																									
<b>B.4b</b>	<b>Description of trends</b>	<i>Not applicable.</i> There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.																																																									
<b>B.5</b>	<b>Description of the group of the Issuer(s)</b>	The Issuer is a company belonging to the Intesa Sanpaolo banking group, of which Intesa Sanpaolo S.p.A. is the parent company.																																																									
<b>B.9</b>	<b>Profit forecast/estimate</b>	<i>Not applicable.</i> No profit forecasts or estimates have been made in the Base Prospectus.																																																									
<b>B.10</b>	<b>Qualifications in the audit report</b>	<i>Not applicable.</i> No qualifications are contained in any audit report included in the Base Prospectus.																																																									
<b>B.12</b>	<b>Selected historical key information / material adverse change/ significant changes</b>	<p><b>SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER</b></p> <p>The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2011 and 2012 and certain unaudited consolidated selected income statement and selected balance sheet figures for the three months ending 31 March 2013 have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's consolidated financial statements in respect of those dates and periods:</p> <table border="1"> <thead> <tr> <th colspan="3"><i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i></th> </tr> <tr> <th><b>Assets</b></th> <th><b>31 December 2012</b></th> <th><b>31 December 2011</b></th> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td>3</td> <td>3</td> </tr> <tr> <td>Financial assets held for trading</td> <td>69,259,238</td> <td>59,622,811</td> </tr> <tr> <td>Available-for-sale financial assets</td> <td>6,714,432</td> <td>6,745,435</td> </tr> <tr> <td>Due from banks</td> <td>56,403,295</td> <td>56,635,055</td> </tr> <tr> <td>Loans to customers</td> <td>17,398,110</td> <td>14,012,386</td> </tr> <tr> <td>Hedging derivatives</td> <td>1,091,276</td> <td>988,621</td> </tr> <tr> <td>Equity investments</td> <td>13,535</td> <td>10,070</td> </tr> <tr> <td>Property and equipment</td> <td>751</td> <td>752</td> </tr> <tr> <td>Intangible assets</td> <td>194,183</td> <td>194,216</td> </tr> <tr> <td>of which:</td> <td></td> <td></td> </tr> <tr> <td>- goodwill</td> <td>194,070</td> <td>194,070</td> </tr> <tr> <td>Tax assets</td> <td>294,160</td> <td>541,901</td> </tr> <tr> <td>a) current</td> <td>101,558</td> <td>217,507</td> </tr> <tr> <td>b) deferred</td> <td>192,602</td> <td>324,394</td> </tr> <tr> <td>Other assets</td> <td>423,522</td> <td>467,732</td> </tr> <tr> <td><b>Total Assets</b></td> <td><b>151,792,505</b></td> <td><b>139,218,982</b></td> </tr> </tbody> </table>	<i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i>			<b>Assets</b>	<b>31 December 2012</b>	<b>31 December 2011</b>		<i>(EUR thousand)</i>		Cash and cash equivalents	3	3	Financial assets held for trading	69,259,238	59,622,811	Available-for-sale financial assets	6,714,432	6,745,435	Due from banks	56,403,295	56,635,055	Loans to customers	17,398,110	14,012,386	Hedging derivatives	1,091,276	988,621	Equity investments	13,535	10,070	Property and equipment	751	752	Intangible assets	194,183	194,216	of which:			- goodwill	194,070	194,070	Tax assets	294,160	541,901	a) current	101,558	217,507	b) deferred	192,602	324,394	Other assets	423,522	467,732	<b>Total Assets</b>	<b>151,792,505</b>	<b>139,218,982</b>
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<b>Liabilities and Equity</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(EUR thousand)</i>	
Due to banks	42,471,641	42,145,742
Due to customers	7,602,384	4,479,861
Securities issued	32,764,994	32,907,923
Financial liabilities held for trading	64,004,171	54,717,953
Financial liabilities at fair value through profit and loss		684,942
Hedging derivatives	674,160	680,992
Tax liabilities	392,734	318,490
<i>a) current</i>	366,462	315,905
<i>b) deferred</i>	26,272	2,585
Other liabilities	372,892	458,523
Post-employment benefits	8,727	7,930
Provisions for risks and charges	23,680	16,423
<i>a) pensions and similar obligations</i>	12	12
<i>b) other provisions</i>	23,668	16,411
Fair value reserves	(105,866)	(392,234)
Reserves	1,396,770	1,132,179
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	642,494	516,534
<b>Total Liabilities and Equity</b>	<b>151,792,505</b>	<b>139,218,982</b>
<b><i>Audited Consolidated Income Statements for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i></b>		
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(EUR thousand)</i>	
Interest and similar income	2,382,980	2,190,204
Interest and similar expense	(1,815,889)	(1,627,472)
<b>Net interest income</b>	<b>567,091</b>	<b>562,732</b>
Fee and commission income	399,258	343,313
Fee and commission expense	(178,332)	(84,906)
<b>Net fee and commission income</b>	<b>220,926</b>	<b>258,407</b>
Dividends and similar income	334,347	367,932
Profits (Losses) on trading	246,636	(57,335)
Profit (Losses) on hedging	17,467	2,818
Profits (Losses) on disposal or repurchase of:		45,059
<i>a) loans and receivables</i>	3,499	9,551
<i>b) available-for-sale financial assets</i>	123,954	29,053
<i>c) held-to-maturity investments</i>	-	-
<i>d) financial liabilities</i>	(13,419)	6,455
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	(25,062)	883
<b>Total income</b>	<b>1,475,439</b>	<b>1,180,496</b>
Impairment losses/reversal of impairment losses on:	(110,549)	(50,013)

a) loans and receivables	(105,228)	(29,648)
b) available-for-sale financial assets	-	-
c) held-to-maturity investments	-	-
d) other financial assets	(5,321)	(20,365)
<b>Net financial income</b>	<b>1,364,890</b>	<b>1,130,483</b>
<b>Net banking and insurance income</b>	<b>1,364,890</b>	<b>1,130,483</b>
Administrative expenses	(350,581)	(315,745)
a) personnel expenses	(131,760)	(112,264)
b) other administrative expenses	(218,821)	(203,481)
Net accruals to provision for risks and charges	(16,000)	(14,300)
Depreciation and net impairment losses on property and equipment	(358)	(403)
Amortisation and net impairment losses on intangible assets	(31)	(42)
Other operating income (expenses)	4,771	3,451
<b>Operating expenses</b>	<b>(362,199)</b>	<b>(327,039)</b>
Net gains on sales of equity investments	4,396	1,704
<b>Pre-tax profit from continuing operations</b>	<b>1,007,087</b>	<b>805,148</b>
Income tax expense	(364,593)	(288,614)
<b>Post-tax profit from continuing operations</b>	<b>642,494</b>	<b>516,534</b>
<b>Profit for the year</b>	<b>642,494</b>	<b>516,534</b>
Profit (loss) attributable to non-controlling interests	-	-
<b>Profit attributable to the owners of the parent</b>	<b>642,494</b>	<b>516,534</b>

**Consolidated Income Statement Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the three months ending 31 March 2012**

	31 March 2013	31 March 2012
	(EUR thousand)	
Net interest income	130,579	168,109
Total income	371,774	475,365
Operating expenses	92,410	91,351
Net financial income	322,471	458,449
Pre-tax profit from continuing operations	230,919	367,936
Profit for the period	145,036	235,090

**Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the year ending 31 December 2012**

	31 March 2013	31 December 2012
	(EUR million)	
Net investments	24,079.1	22,653.2
Net revenue	26,800.6	26,435.7
Indirect revenue	0.0	0.0
Financial assets	72,211.9	75,973.7
Total assets	151,489.8	151,792.5
Net equity	3,604.0	3,477.1
Share Capital	962.5	962.5

		<p><b>Statements of no significant or material adverse change</b></p> <p>There has been no significant change in the financial or trading position of the Issuer since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.</p>
<b>B.13</b>	<b>Recent events impacting the Issuer's solvency</b>	<i>Not applicable.</i> 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>B.14</b>	<b>Issuer dependent upon other entities within the group</b>	The Issuer is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A., which is the parent company of the Intesa Sanpaolo banking group, to which the Issuer belongs.
<b>B.15</b>	<b>Principal activities of the Issuer</b>	The Issuer is a banking institution established under the laws of the Republic of Italy engaged in investment banking activities. The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into four business divisions: <i>Capital Markets, Finance &amp; Investments, Investment Banking and Structured Finance.</i>
<b>B.16</b>	<b>Control of Issuer</b>	The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.

### **Section C – SECURITIES**

<b>C.1</b>	<b>Type and class of securities being offered / Security identification number</b>	<p>Each issue of Securities will on issue be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable either, in accordance with its terms, for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.</p> <p>The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and shall be construed in accordance with, English Law.</p> <p>The ISIN of the Certificates will be specified in the applicable Final Terms.</p>
<b>C.2</b>	<b>Currency</b>	Euro, U.S. dollars or any other currency or currencies selected by the Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issuer may issue Securities in respect of which the Cash Amount and/or Remuneration Amount may be payable, as specified in the applicable Final Terms, in one or more currencies (" <b>Settlement Currency</b> " as specified in the applicable Final Terms) which may be different from the currency in which the Issue Price was denominated (" <b>Issue Currency</b> " as specified in the applicable Final Terms) ( <b>Dual Currency Securities</b> ).
<b>C.5</b>	<b>Restrictions on free transferability</b>	There are restrictions on the offer, sale and transfer of the Securities in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Czech Republic, Hungary, Ireland, Poland, Slovak Republic and Slovenian Republic) and such other restrictions as may be required in connection with the offering and sale of a particular series of Securities.
<b>C.8</b>	<b>Description of rights and ranking</b>	<p><b>SETTLEMENT AT EXERCISE DATE</b></p> <p>If the Conditions to Settlement are not satisfied, each Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount, less any Expenses not already paid.</p> <p><b>SETTLEMENT UPON OCCURRENCE OF CREDIT EVENT</b></p> <p>Upon satisfaction of the Conditions to Settlement that are set out in the applicable Final Terms, the Certificates will be deemed automatically exercised on the Event Determination Date and</p>



		<p>the Securityholders will be entitled to receive either (i) payment of the Credit Event Cash Settlement Amount on the Credit Event Settlement Date, if the Final Terms specifies "Cash Settlement" as applicable Settlement Method, or (ii) payment of the Auction Credit Event Settlement Amount on the Auction Credit Event Settlement Date, if the relevant Final Terms specifies "Auction Settlement" as applicable Settlement Method, both as specified below.</p> <p><b>REMUNERATION</b></p> <p>If so specified in the applicable Final Terms, each Certificate pays remuneration from and including the Issue Date payable in arrear on each Remuneration Payment Date.</p> <p><b>RANKING</b></p> <p>The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.</p>
<b>C.11</b>	<b>Trading of Certificates</b>	<p>Application has been made to the Central Bank to approve this document as a base prospectus. Application has also been made to the Irish Stock Exchange for Securities issued under the Programme to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List of the Irish Stock Exchange.</p> <p>The Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the Issuer.</p> <p>The applicable Final Terms will state whether or not the relevant Securities are to be listed and/or admitted to trading and if so, on which stock exchange(s) and/or market(s).</p>
<b>C.15</b>	<b>Description of how the value of the investment is affected by the value of the underlying instrument</b>	<p>The Certificates are linked to the credit performance of a Reference Entity and their value depends on whether the Reference Entity experiences a Credit Event or not. The value of the Certificates is therefore determined and is sensitive to perceived creditworthiness of the Reference Entity and the corresponding market estimate of its probability of default over the term of the Certificates.</p> <p>Only Credit Events which, in addition to their occurrence, in each case meet the relevant conditions to settlement are relevant. This means that, in addition to the Issuer's creditworthiness, the Certificates are dependent on the creditworthiness of the specified Reference Entity. Upon the occurrence of a Credit Event and depending on the payment structure of the relevant Certificates, Securityholders may therefore suffer a partial or total loss of the capital invested.</p> <p>Broadly, the Conditions to Settlement are satisfied when the occurrence of a Credit Event is certain and publicly known according to the provisions of this Base Prospectus. The relevant Issuer will specify in the relevant Final Terms which Credit Event is applicable, which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as determined by the Calculation Agent.</p> <p>Upon the occurrence of a Credit Event, the Final Terms will specify whether no remuneration shall accrue on the Credit Linked Certificates as a consequence of such Credit Event or the Certificates shall bear remuneration irrespective of such event.</p>
<b>C.16</b>	<b>The expiration or maturity date of the derivative securities – the exercise date or final reference date</b>	<p>Each Certificate shall be automatically exercised on the Exercise Date.</p> <p>Otherwise, they may only be redeemed before the Exercise Date upon the occurrence of a force majeure event or on the satisfaction of the Conditions to Settlement that are set out in the applicable Final Terms.</p> <p>The Exercise Date will be specified in the applicable Final Terms.</p>
<b>C.17</b>	<b>Settlement procedure</b>	<p>The Issuer shall pay or cause to be paid the relevant Cash Amount (if any) for each Certificate by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the Settlement Date, less any Expenses not already paid, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be.</p> <p>The Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons</p>

		<p>shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment.</p> <p>Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA.</p>
<b>C.18</b>	<b>Description of how the return on derivative securities takes place</b>	<p><b>CASH AMOUNT AT EXERCISE DATE</b></p> <p>If the Conditions to Settlement are not satisfied, broadly a Credit Event has not occurred on or before the Exercise Date, the Certificates entitle the Securityholders to receive on the Settlement Date the Cash Settlement Amount set out by the issuer in the relevant Final Terms.</p> <p><b>CASH AMOUNT UPON OCCURRENCE OF CREDIT EVENT</b></p> <p>Upon satisfaction of the Conditions to Settlement:</p> <ul style="list-style-type: none"> <li>(a) if the relevant Final Terms specifies "Cash Settlement" as applicable Settlement Method, the Credit Event Cash Settlement Amount payable to the Securityholders is determined by the Calculation Agent according to one of the following formula: <ul style="list-style-type: none"> <li>i. a fixed amount set out by the Issuer in the applicable Final Terms, or</li> <li>ii. the Issue Price multiplied by the actual market price of a certain Reference Obligation of the affected Reference Entity following the occurrence of a Credit Event (the "Final Price").</li> </ul> </li> <li>(b) if the relevant Final Terms specifies "Auction Settlement" as applicable Settlement Method, the Auction Credit Event Settlement Amount will be calculated as the product of the Issue Price multiplied by the price for Reference Obligations of the relevant Reference Entity that is determined during an auction organised by International Swaps and Derivatives Association, Inc. (ISDA) with respect to such Reference Entity and its Obligations (the "Auction Final Price").</li> </ul> <p>The Final Terms may provide for specific valuation or quotation methods for the purposes of calculating the final price, if applicable, of a Reference Obligation. Such calculation will be made on the relevant Valuation Date as specified in the Final Terms subsequently to the occurrence of a Credit Event and notified.</p> <p><b>REMUNERATION AMOUNTS</b></p> <p>The amount of remuneration payable in respect of each Certificate on each Remuneration Payment Date may be calculated according to one of the following criteria, as specified in the applicable Final terms :</p> <ul style="list-style-type: none"> <li>a) fixed amount(s) predetermined by Issuer at or before the Issue Date,</li> <li>b) by applying a fixed rate to the Issue Price;</li> <li>c) by applying a floating rate to the Issue Price; or</li> <li>d) by applying a combination of (i), (ii) and (iii) above, i.e. a different method for each Remuneration Period, as specified in the applicable Final Terms.</li> </ul> <p>Upon the occurrence of a Credit Event, the accrual and payment of remuneration may either continue or cease, according to the relevant indication in the applicable Final Terms.</p>
<b>C.19</b>	<b>Exercise price or final reference price of the underlying</b>	<p>The final price of the Reference Obligation will be based on the market value of such obligation of the affected Reference Entity after the occurrence of the Credit Event as compared to its nominal value. The Final Terms provide for specific valuation or quotation methods (including an auction organised by the International Swaps and Derivatives Association, Inc. ("ISDA")) for the purposes of calculating the Final Price. Such calculations will be made subsequent to the occurrence of the Credit Event on the relevant pre-defined Valuation Date.</p>
<b>C.20</b>	<b>Type of underlying and where the information on the underlying can be found</b>	<p>The Reference Entity(ies) and the respective successor, as well as the relevant source of information, will be stated in the applicable Final Terms.</p>

**Section D – RISKS**

<p><b>D.2</b></p>	<p><b>Key risks specific to the Issuer</b></p>	<p>There are certain factors that may affect each Issuer's ability to fulfil its obligations under Certificates issued under the Programme. These include the following risk factors:</p> <ul style="list-style-type: none"> <li>(i) Banca IMI's business could be adversely affected by international markets and economic conditions;</li> <li>(ii) Recent disruptions and volatility in the global and the Euro-zone financial markets may adversely impact Banca IMI's business;</li> <li>(iii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect the Banca IMI's business and results of operations;</li> <li>(iv) Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy;</li> <li>(v) Banca IMI's business is exposed to counterparty credit risk;</li> <li>(vi) Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance;</li> <li>(vii) Banca IMI's business is exposed to settlement risk and transfer risk;</li> <li>(viii) Banca IMI's business is exposed to market risk;</li> <li>(ix) Banca IMI's business is exposed to increasing competition in the financial services industry</li> <li>(x) Banca IMI's business is exposed to liquidity risk;</li> <li>(xi) Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate;</li> <li>(xii) Banca IMI's business is exposed to operational risks;</li> <li>(xiii) Banca IMI's business is exposed to Reputational Risk;</li> <li>(xiv) Legal risks;</li> <li>(xv) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject;</li> <li>(xvi) Regulatory claims may arise in the conduct of the Banca IMI's business;</li> <li>(xvii) Banca IMI is exposed to risk of changes in tax legislation as well as to increases in tax rates;</li> <li>(xviii) Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses.</li> </ul>
<p><b>D.6</b></p>	<p><b>Key risks specific to the securities</b></p>	<p>An investment in relatively complex securities such as the Certificates involves a greater degree of risk than investing in less complex securities. In some cases, investors may stand to lose the value of their entire investment or part of it, as the case may be. There are certain factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme. In particular:</p> <p><i>(i) The Certificates may not be a suitable investment for all investors</i></p> <p>Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.</p> <p><i>(ii) Option Risk</i></p> <p>The Certificates are derivative financial instruments which may include an option right and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk.</p> <ul style="list-style-type: none"> <li>• <b>Risks related to the structure of the Certificates</b></li> </ul> <p>The Certificates may have features which contain particular risks for potential investors. In particular:</p> <p><i>(i) General risks and risks relating to the change in the value of the creditworthiness of any Reference Entity</i></p> <p>The Certificates involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Securities.</p>

Fluctuations in the creditworthiness of any Reference Entity will affect the value of the Credit Linked Certificates.

The Issuer may issue several issues of Securities relating to the credit of various reference entities, as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Securities other than the Securities to which particular Final Terms relate.

*(ii) Risk relating to the determination of the Remuneration payable in respect to the Securities*

The Securities which entitle to receive a Remuneration Amount determined by applying a fixed or a floating rate may expose the investors to interest rate risks. In particular, investment in Securities with a fixed rate remuneration involve the risk that subsequent changes in market interest rates may adversely affect the value of the Securities with a fixed rate remuneration. Securities with a floating interest rate remuneration involve the risk that interest rates may vary from time to time, resulting in variable interest payments to Securityholders.

*(iii) Reference Entity Risks*

The Certificates do not create any legal relationship between the Securityholders and the Reference Entities. The Securityholders will not have any right of recourse against the relevant Reference Entity in the event of any loss.

Neither the Issuer nor any other person on behalf of the Issuer makes any representation or warranty or accepts any responsibility whatsoever with respect to the creditworthiness of any Reference Entity or otherwise that no Credit Event will occur with respect to any Reference Entity.

*(iv) Certain Factors Affecting the Value and Trading Price of Securities*

Before selling Securities, Securityholders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value of the creditworthiness of any Reference Entity, (iii) the time remaining to expiration, (iv), the probable range of Cash Amounts, (v) any change(s) in currency exchange rates, (vi) any change(s) in the inflation rates of the country of any Reference Entity, and (vii) the depth of liquidity of the Reference Item.

*(v) Certain Considerations Regarding Hedging*

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in any Reference Item which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the creditworthiness of any Reference Entity or the value of the Reference Item which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will correlate with the creditworthiness of any Reference Entity or the value of the Reference Item which may be specified in the applicable Final Terms.

*(vi) Volatility Risk due to Credit Linkage*

If during the term of a Certificate, the creditworthiness of the Reference Entity deteriorates significantly without the occurrence of a Credit Event being imminent, this may materially adversely affect the market price of the Certificates.

Moreover, the price of the Certificates depends on the development of market prices of other credit default swaps relating to the Reference Entity.

Such credit default swap prices, in turn, are subject to volatility. Changes in the market price of the relevant credit default swap may differ from the change in price of the Certificates following the deterioration of the creditworthiness of any relevant Reference Entity. Such a deterioration in the creditworthiness of any relevant Reference Entity may cause the price of the Certificate to go down.

Furthermore, the change in the market price of the credit default swap does not only depend on the expected creditworthiness in relation to the relevant Reference Entity, but also on factors such as the expectation of the market regarding the likelihood of debtors defaulting in general. This may result in a negative impact on the price of the Certificates due to price changes in the overall default swaps market, even if no change has occurred regarding the expected creditworthiness with respect to the Reference Entity underlying the Certificates. The market price of Certificates linked to credit events on the market is subject to greater levels of risk than is the market price of other certificates.

*(vii) Certain Considerations regarding the credit component*

An investment in Credit Linked Certificates will entail significant risks not associated with an investment in a conventional debt security. The Issuer may issue Securities where the Cash Amount and/or Remuneration Amount(s) payable is dependent upon whether certain events (**Credit Events**) have occurred in respect of one or more reference entity/entities (**Reference Entities**) and, if so, such amount may be dependent on the value of certain assets of such Reference Entity/Entities as specified in the applicable Final Terms.

The price of Credit Linked Certificates may be volatile and will be affected by, amongst other

things, the time remaining to the redemption date or expiration date and the creditworthiness of the Reference Entity/Entities, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

The Securityholders will be exposed to the credit risk of one or more Reference Entities, which exposure may be up to the full extent of their investment in such Credit Linked Certificates. The occurrence of a Credit Event in relation to any Reference Entity from time to time may result in the Credit Linked Certificates paying a reduced or zero Cash Amount and/or a reduced or zero Remuneration Amount(s). Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the holders of such Credit Linked Certificates may then suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Credit Security is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Holders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Following the occurrence of a Credit Event, the Calculation Agent may be required by the applicable Final Terms to seek quotations in respect of select obligations of the affected Reference Entity (the Reference Item). Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers).

Credit Linked Certificates do not constitute an acquisition by the holders of the Securities of any interest in any Reference Item. The Issuer does not grant any security interest over any Reference Item.

Prospective purchasers should be aware that the Issuer's obligations in respect of Credit Linked Certificates are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity, and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

Reference Entities may not be subject to regular reporting requirements. The Reference Entities may report information in accordance with different disclosure and accounting standards. Prospective investors should note that in certain circumstances, there may be no requirement for the Issuer to give information which is generally publicly available in relation to the occurrence of a Credit Event. If a Credit Event occurs in respect of a Reference Entity which is not public, holders of the Securities may not be able to verify the occurrence of such Credit Event. None of the Issuer or the Calculation Agent or any of their respective affiliates make any representation as to the accuracy or completeness of any information available with respect to the Reference Entities and none of the Issuer or the Calculation Agent or any of their respective affiliates will have any obligation to keep investors informed as to any matters with respect to the Reference Entities or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event with respect to the Reference Entities.

(viii) Substitution of the Reference Entity

As a result of mergers or other events involving the Reference Entity, such Reference Entity may change. This could result in the risk that the Reference Entity following such changes can, in economic terms, no longer be compared with the relevant Reference Entity prior to such changes. Any risk which may result from such a change of the Reference Entity will be borne by the Securityholders.

In case of a Succession Event, a Reference Entity may become Successor of another Reference Entity. If a Credit Event has already occurred and been notified accordingly in relation to such Successor prior to the relevant Succession Event, such previous Credit Event will not prevent the occurrence and determination of a (new) Credit Event in relation to such Successor, even if with respect to each Reference Entity only one notified Credit Event is taken into account.

(ix) Conflicts of interest in relation to the Reference Entity

The Issuer, the Calculation Agent and their affiliates are entitled to purchase and sell the Certificates for their own account or for the account of others, to issue further Certificates and to engage in transactions (including hedging transactions) with respect to the Reference Entity or Reference Item. The Issuer, the Calculation Agent and their affiliates are also entitled to exercise a function in relation to the Certificates other than the present function and to issue additional derivative instruments in relation to the potential Reference Item. Such transactions may favourably or adversely affect the market price of the Certificates. If additional and competing products are introduced in the markets, this may adversely affect the value of the Certificates. The Issuer, the Calculation Agent and their affiliates are entitled in connection with

any future securities issues by the Reference Entity to act as managers, financial advisers for the relevant Reference Entity or as commercial bank for a Reference Entity. Such activities may result in conflicts of interest.

The Issuer, the Calculation Agent and their affiliates may on the issue date of the Certificates or at any time thereafter be in possession of information in relation to any Reference Entity that may be material to holders of any Certificates and that may not be publicly available or not known to the Securityholders. There is no obligation on the part of the Issuer, the Calculation Agent or their affiliates to disclose any such information to the Securityholders.

(x) Implementation of Resolutions of the "Credit Derivatives Determination Committee"

ISDA has established Credit Derivatives Determination Committees (each a "**Committee**") that comprise of dealers in and buyers of credit derivative instruments for the purpose of resolving matters and questions in connection with ISDA standard terms or an auction organised by ISDA.

The Calculation Agent may take any applicable resolutions of the relevant Committee into account when applying the Final Terms and the Terms and Conditions and in exercising its discretion. Potential investors should therefore be aware that their investment in Credit Linked Certificates and any loss following a Credit Event could be dependent on resolutions of such Committee.

(xi) Actions of Reference Entities may affect the value of the Certificates

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Certificates.

(xii) Payments in the Certificates may be deferred or suspended

In certain circumstances, payment of the cash settlement amount of the Securities and/or remuneration may be deferred for a material period in whole or part without compensation to the holders of the Certificates.

(xiii) Use of Cash Settlement may adversely affect returns to Securityholders

Following the occurrence of a Credit Event, the Calculation Agent will be required to seek quotations in respect of selected obligations of the affected Reference Entity. Quotations obtained may be "bid-side" - that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer. Any quotations so obtained may be significantly different from the value of the relevant obligation which would be determined by reference to (for example) the present value of related cashflows. Quotations will be deemed to be zero in the event that no such quotations are available.

(xiv) Risks may be compounded

Various risks relating to the Certificates may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Certificates and/or in increased losses for the Securityholders.

(xv) The Certificates do not represent an interest in obligations of Reference Entities

The Certificates do not constitute an acquisition by the Securityholders of any interest in any obligation of a Reference Entity.

(xvi) Historical performance may not predict future performance

Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities.

• **Risks Related to Securities Generally**

(i) Modification

The Conditions provide that the Principal Security Agent and the Issuer may, without the consent of Securityholders, agree to (i) any modification (subject to certain specific exceptions) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders or (ii) any modification of the Securities 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.

(iii) Expenses and Taxation

A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities.

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, exercise or enforcement of any Security by any person 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 Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 (or the date of publication in the Federal Register of final regulations defining the term "foreign pass-through payment", if later) in respect of (i) any Securities 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 or materially modified after the later of (a) 31 December 2013, or (b) the date that is six months after the date on which the final regulations defining the term "foreign pass-through payment" are filed in the Federal Register pursuant to the foreign account tax compliance provisions (**FATCA**) of the Hiring Incentives to Restore Employment Act of 2010 and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. In addition, pursuant to the Conditions of the Securities, the Issuer may issue further Securities (**Further Securities**) in respect of any Series of Securities already issued (**Existing Securities**) such that the Further Securities shall be consolidated and form a single Series with the Existing Securities. An issue of Further Securities after 31 December 2013 that will be consolidated and form a single Series with, and have the same operational identification numbers as Existing Securities issued on or before 31 December 2013 may result in such Existing Securities also being subject to withholding.

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

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, 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 on how these rules may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities are uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to "foreign pass-through payments" are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

(v) Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the **HIRE Act**) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Under issued temporary and proposed regulations, a dividend equivalent payment also includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the Securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the Securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the Securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax

treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

(vi) Other taxation considerations

It is not possible to predict whether the taxation regime applicable to Securities on the date of purchase or subscription will be amended during the term of the Securities.

(vii) Illegality and Cancellation

If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge the Issuer's obligations under any Securities have become, illegal in whole or in part for any reason, the Issuer may cancel such Securities. The Issuer may also cancel the Securities upon the occurrence of certain adjustment events. If the Issuer cancels the Securities, it will pay the holder of each such Security an amount equal to the fair market value of such Security, notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. The fair market value of the Securities may be less than the purchase price of the Securities and may in certain circumstances be zero.

(viii) Change of law

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.

(ix) Potential Conflicts of Interest

Some activities of the Issuer and/or any of its Affiliates could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Securities.

(x) EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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 or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

**• Risks Related to the Market Generally**

(xi) Impact of implicit fees on the Issue/Offer Price

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Securities, but such fees will not be taken into account for the purposes of determining the price of the relevant Securities in the secondary market.

(xii) Certain considerations associated with public offers of Securities

If Securities are distributed by means of a public offer, the Issuer may have the right to withdraw the offer, which in such circumstances will be deemed to be null and void.

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

(xiii) Possible Illiquidity of the Securities in the Secondary Market

It is not possible to predict the price at which Securities will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Securities on a stock exchange or market. If the Securities are not listed or admitted to trading on any exchange or market, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. If the Issuer does list or admit to trading an issue of Securities, there can be no assurance that at a later date, the Securities will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Securities on another exchange or market. The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation. The Issuer or any of its Affiliates may, but is not obliged to, be a market-maker for an issue of Securities. Even if the Issuer or such other entity is a market-maker for an issue of Securities, the secondary market for such Securities may be limited. To the extent that an issue of Securities becomes illiquid, an investor may have to wait until the Exercise Date to realise value.

(xiv) Listing of Securities



		<p>In respect of Securities which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain (as soon as reasonably practicable after the relevant de-listing) an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If such an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.</p> <p><i>(xv) Exchange rate risks and exchange controls</i></p> <p>The Issuer will pay the Cash Settlement Amount in respect of the Securities in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Settlement 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.</p> <ul style="list-style-type: none"> <li>• <b>Legal Risks</b></li> </ul> <p><i>(i) Legal investment considerations may restrict certain investments</i></p> <p>Each prospective purchaser of Securities must determine that its acquisition of the Securities (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and (iii) is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Securities.</p> <p><i>(ii) No reliance</i></p> <p>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 Securities 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 Securities by a prospective purchaser of the Securities.</p> <p><i>(iii) Disclaimers</i></p> <p>Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.</p>
<b>Section E – OFFER</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	The Issuer intends to use the net proceeds from each issue of Certificates for general corporate purposes, including making a profit. A substantial portion of the proceeds may be used to hedge market risks with respect to the Certificates. If in respect of any particular issue of Certificates, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	Securities may be issued on a continuous basis and may be distributed by way of private or public placement as specified in the applicable Final Terms. If distributed by way of public placement, the placement activities will be carried out by distributors appointed from time to time as indicated in the relevant Final Terms. If the applicable Final Terms so specify, Securities may be distributed to one or more Managers.
<b>E.4</b>	<b>Material interests in the offer</b>	If in respect of any particular issue of Certificates, there are particular material interests with respect to the issue and/or offer of the Certificates, these will be stated in the applicable Final Terms.
<b>E.7</b>	<b>Estimated expenses</b>	If in respect of any particular issue of Certificates, there are fees specifically charged to purchasers of the Certificates, these will be stated in the applicable Final Terms.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of Certificates issued under the Programme and/or are material for the purpose of assessing the market risks associated with Certificates 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. An investment in relatively complex securities such as the Certificates involves a greater degree of risk than investing in less complex securities. In some cases, investors may stand to lose the value of their entire investment or part of it, as the case may be.*

*The Issuer believes that the factors described below, represent the principal risks inherent in investing in Certificates issued under the Programme, but the inability of the Issuer to pay the Cash Settlement Amounts in respect of the Certificates 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 Certificates 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 Certificates. 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 Certificates".*

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

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

Banca IMI's business may be adversely affected 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 can significantly affect Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects.

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

#### ***Recent disruptions and volatility in the global and the Euro-zone financial markets may adversely impact Banca IMI's business***

From August 2007 through the early part of 2009, the global financial system experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Following a period of stabilisation in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in certain EU countries. Despite rescue

packages provided to certain of these countries during the past years, uncertainty over the outcome of these measures and worries about sovereign finances continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Standard & Poor's, Moody's and Fitch downgraded the credit ratings of several EU countries in the beginning of 2012. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Even though market conditions improved somewhat in the latter part of 2012, the developments in the financial markets were driven mainly by central bank initiatives and markets remained volatile with uncertainty about future macroeconomic developments. It cannot be excluded that, for example, a further deterioration of public finances of certain European countries would lead to new funding uncertainty, resulting in increased volatility, and a potential tightening of liquidity conditions in the future widening credit spreads. Risks related to the European economic crisis have also had, and are likely to continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Banca IMI's ability to access capital and liquidity on financial terms acceptable to it. Further, as Banca IMI's businesses and revenues are mainly derived from operations in the Italian and Euro-zone markets, they may be subject to negative fluctuations as a result of the above considerations. There can be no assurance that Banca IMI will not suffer losses in the future arising from its trading activities or operations in the Italian and Euro-zone markets. In addition, there is no assurance that the debt crisis in the Euro-zone will not affect Banca IMI's liquidity sources and funding capabilities.

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

Banca IMI's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular Italy and, to a lesser degree, other EU countries. Following the weakened economic environment and the turmoil in the global financial markets, in 2008 and 2009, which was reflected in declining economic growth, increasing rates of unemployment as well as decreasing asset values in these countries, the economic conditions in the EU region have, in general, developed more favourably relative to the America and Asia region. However, there have been differences between countries within the EU region.

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

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

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

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

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

As Banca IMI's businesses and revenues are mainly derived from operations in the Italian and Euro-zone markets, they may be subject to negative fluctuations as a result of the above considerations. There can

be no assurance that Banca IMI will not suffer losses in the future arising from its trading activities or operations in the Italian and Euro-zone markets. In addition, there is no assurance that the debt crisis in the Euro-zone will not affect Banca IMI's liquidity sources and funding capabilities.

***Banca IMI's business is exposed to counterparty credit risk***

Counterparty credit risk is the risk of losses due to the failure on the part of Banca IMI's counterparties to meet their payment and/or deliveries obligations to the Issuer. 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 and foreign exchange contracts.

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

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

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

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

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

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

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

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

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

***Banca IMI's business is exposed to market risk***

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

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

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

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

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

Banca IMI faces stiff competition in all business areas and competes both in Italy and abroad with investment banks, securities firms, brokerages and other financial services providers. Competition includes global financial institutions, local banks and European financial institution, which are more similar to Banca IMI in terms of both size and services offered.

Ongoing or increased competition may put downward pressure on prices for Banca IMI' products and services, may cause Banca IMI to lose market share, or may require Banca IMI to make additional capital investment in its businesses in order to remain competitive. If Banca IMI is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing

customers, experience decreases in its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

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

***Banca IMI's business is exposed to 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.

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

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

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

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

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

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

Under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC (the "**CRD**"), Banca IMI, as member of the Intesa Sanpaolo banking group, is required to maintain certain capital adequacy ratios. In addition, 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 16 December 2010 "**Basel**

III"). As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including higher capital requirements.

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

#### ***Banca IMI's business is exposed to operational risks***

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

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

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

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

#### ***Banca IMI's business is exposed to Reputational Risk***

Banca IMI's ability to attract and retain customers and transact with its counterparties could be adversely affected to the extent its and/or Intesa Sanpaolo Group's reputation is damaged. In addition, the failure of

Banca IMI to deal, or to appear to fail to deal, with various issues that could give rise to reputational risk could cause harm to Banca IMI and its business prospects and could adversely affect Banca IMI's operating results, financial condition and prospects.

### ***Legal risks***

In the normal course of its business, Banca IMI is party to a number of legal proceedings including putative class actions and other litigation or disputes with third parties, 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 2012, provisions for risks and charges are in the amount of approximately €23,600,000.

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

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

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

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

The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect Banca IMI. Significant uncertainty remains around the final requirements and implementation of the proposed initiatives. 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. If certain of these measures were implemented as currently proposed, they would be 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.

In particular, Basel III will be implemented in the European Economic Area by way of a proposed European Council Directive known as the Capital Requirements Directive and the direct application of a



European Parliament and Council regulation (the "CRR") in each Member State of the European Economic Area (the "Capital Requirements Directive" and, together with the CRR, the "CRD IV").

Although there is still some uncertainty regarding the final framework for new capital adequacy standards, the CRD IV will set higher capital and liquidity requirements on banks which will be required, among other things, to hold more core tier 1 capital. The higher capital requirements and higher demands on liquidity will likely result in almost all major financial institution incurring substantial costs in monitoring and complying with these new requirements, which may also adversely affect the business environment in the financial sector. Furthermore, discussions are ongoing globally and in the EU concerning recovery and resolution regimes for credit institutions and investment firms, including the possible introduction of so-called "bail-in" capital, and ringfencing of specific activities, as well as the introduction of a single supervisory mechanism and a full banking union in the euro area. If implemented, these new requirements and supervisory structures may impact existing business models.

There is no assurance that any change to the current regulatory requirements to which Banca IMI is subject, or the way in which such regulatory requirements are interpreted or enforced, will not have a negative affect on Banca IMI's ability to conduct its business or its financial condition, cash flows and results of operations.

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

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

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

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

***Banca IMI'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.

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

***The Certificates may not be a suitable investment for all investors***

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

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

In addition, an investment in Credit Linked Certificates may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of the Certificates*" set out below.

Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments 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 Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

***Option Risk***

The Certificates are derivative financial instruments which may include an option right and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk. An investor who intends to trade in options must first of all understand the functioning of the types of contracts which he intends to trade in (for example, call options and put options). An investment in options constitutes a highly volatile investment and there is a high likelihood that the option may have no value whatsoever at expiration. In such case, the investor would lose the entire amount used to purchase the option (known as the "*premium*").

An investor who is considering the purchase of a call option over a Reference Item, the market price of which is much lower than the price at which the exercise of the option would be opportune (known as "*deep out of the money*"), must consider that the possibility that the exercise of the option will become profitable is remote. Likewise, an investor who is considering the purchase of a put option over a

Reference Item, the market price of which is much higher than the price at which the exercise of the option would be opportune, must consider that the possibility that the exercise of the option will become profitable is remote.

The Certificates include some options on Reference Item(s). The amount potentially paid or deliverable on exercise will depend on the value of such options. Prior to the expiration of a Certificate, a variation in the value of the relevant options may involve a reduction in the value of such Certificate.

### ***Risks related to the structure of the Certificates***

The Certificates may have features which contain particular risks for potential investors. Set out below is a description of the most common features.

#### *General risks and risks relating to the change in the value of the creditworthiness of any Reference Entity*

The Certificates involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Securities. This risk reflects the nature of a Security as an asset which, other factors held constant, tends to decline in value over time and which may become worthless on expiration. See "*Certain Factors Affecting the Value and Trading Price of Securities*" below. Prospective purchasers of Securities should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Securities and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Securities in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Securities and the creditworthiness of any Reference Entity, as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Security upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the creditworthiness of any Reference Entity which may be specified in the applicable Final Terms. Assuming all other factors are held constant, the lower the value of a Security and the shorter its remaining term to expiration, the greater the risk that purchasers of such Security will lose all or part of their investment. The only means through which a holder can realise value from such Security prior to the Exercise Date in relation to such Security is to sell it at its then market price in an available secondary market. See "*Possible Illiquidity of the Securities in the Secondary Market*" below.

Fluctuations in the creditworthiness of the specified reference entity or entities will affect the value of the Credit Linked Certificates.

The Issuer may issue several issues of Securities relating to the credit of various reference entities, as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Securities other than the Securities to which particular Final Terms relate. At any given time, the number of Securities outstanding may be substantial. Securities provide opportunities for investment and pose risks to investors as a result of the change in the value of the creditworthiness of any Reference Entity. In general, certain of the risks associated with the Securities are similar to those generally applicable to other options of private corporate issuers.

#### *Risk relating to the determination of the Remuneration payable in respect to the Securities*

The Securities which entitle to receive a Remuneration Amount determined by applying a fixed or a floating rate may expose the investors to interest rate risks. In particular, investment in Securities with a fixed rate remuneration involve the risk that subsequent changes in market interest rates may adversely affect the value of the Securities with a fixed rate remuneration. Securities with a floating interest rate remuneration involve the risk that interest rates may vary from time to time, resulting in variable interest payments to Securityholders.

#### *Reference Entity Risks*

The Certificates do not create any legal relationship between the Securityholders and the Reference Entities. The Securityholders will not have any right of recourse against the relevant Reference Entity in the event of any loss.

Neither the Issuer nor any other person on behalf of the Issuer makes any representation or warranty or accepts any responsibility whatsoever with respect to the creditworthiness of any Reference Entity or otherwise that no Credit Event will occur with respect to any Reference Entity.

#### *Certain Factors Affecting the Value and Trading Price of Securities*

The Cash Amount at any time prior to expiration is typically expected to be less than the trading price of such Securities at that time. The difference between the trading price and the Cash Amount will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the creditworthiness of any Reference Entity as specified in the applicable Final Terms. Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Securities varies with the creditworthiness of any Reference Entity as specified in the applicable Final Terms, as well as by a number of other interrelated factors, including those specified herein.

Before selling Securities, Securityholders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value of the creditworthiness of any Reference Entity, (iii) the time remaining to expiration, (iv), the probable range of Cash Amounts, (v) any change(s) in currency exchange rates, (vi) any change(s) in the inflation rates of the country of any Reference Entity, and (vii) the depth of liquidity of the Reference Item.

#### *Certain Considerations Regarding Hedging*

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in any Reference Item which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the creditworthiness of any Reference Entity or the value of any Reference Item which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will correlate with the creditworthiness of any Reference Entity or the value of the Reference Item which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant Reference Item. *Volatility Risk due to Credit Linkage*

If during the term of a Certificate, the creditworthiness of the Reference Entity deteriorates significantly without the occurrence of a Credit Event being imminent, this may materially adversely affect the market price of the Certificates.

Moreover, the price of the Certificates depends on the development of market prices of other credit default swaps relating to the Reference Entity.

Such credit default swap prices, in turn, are subject to volatility. Changes in the market price of the relevant credit default swap may differ from the change in price of the Certificates following the deterioration of the creditworthiness of any relevant Reference Entity. Such a deterioration in the creditworthiness of any relevant Reference Entity may cause the price of the Certificate to go down.

Furthermore, the change in the market price of the credit default swap does not only depend on the expected creditworthiness in relation to the relevant Reference Entity, but also on factors such as the expectation of the market regarding the likelihood of debtors defaulting in general. This may result in a negative impact on the price of the Certificates due to price changes in the overall default swaps market, even if no change has occurred regarding the expected creditworthiness with respect to the Reference Entity underlying the Certificates. The market price of Certificates linked to credit events on the market is subject to greater levels of risk than is the market price of other certificates.

### *Certain Considerations regarding the credit component*

An investment in Credit Linked Certificates will entail significant risks not associated with an investment in a conventional debt security. The Issuer may issue Securities where the Cash Amount and/or Remuneration Amount(s) payable is dependent upon whether certain events (**Credit Events**) have occurred in respect of the reference entity (**Reference Entity**) and, if so, such amount may be dependent on the value of certain assets of such Reference Entity as specified in the applicable Final Terms.

The price of Credit Linked Certificates may be volatile and will be affected by, amongst other things, the time remaining to the redemption date or expiration date and the creditworthiness of the Reference Entity, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

The Securityholders will be exposed to the credit risk of one or more Reference Entities, which exposure may be, as stated in the applicable Final Terms, up to the full extent of their investment in such Credit Linked Certificates. The occurrence of a Credit Event in relation to any Reference Entity from time to time may result in the Credit Linked Certificates paying a reduced or zero Cash Amount and/or (if applicable) a reduced or zero Remuneration Amount(s). Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the holders of such Credit Linked Certificates may then suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Credit Security is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Holders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Following the occurrence of a Credit Event, the Calculation Agent may be required by the applicable Final Terms to seek quotations in respect of select obligations of the affected Reference Entity (the Reference Item). Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers).

Accordingly, any quotations so obtained may be significantly different from the value of the Reference Item which would be determined by reference to (for example) the present value of related cashflows. Where credit losses are determined on the basis of a market protocol, such losses may vary from the losses which would have been determined in the absence of such protocol. If the Calculation Agent or any affiliate thereof participates in any auction for the purposes of such a protocol, then it will do so without regard to the interests of the Securityholders. Such participation may have a material effect on the outcome of the relevant auction.

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Credit Linked Certificates. Securityholders should be aware that the Reference Entities to which the value of the Securities is exposed, and the terms of such exposure, may change over the term of the Securities.

Credit Linked Certificates do not constitute an acquisition by the holders of the Securities of any interest in any Reference Item. The Issuer does not grant any security interest over any such Reference Item.

Prospective purchasers should be aware that the Issuer's obligations in respect of Credit Linked Certificates are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity, and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

The Issuer and the Calculation Agent are not obliged to disclose to holders of the Securities any information which they may have at the Issue Date or receive thereafter in relation to any Reference Entity.

Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities. Historical default statistics may not capture events that would constitute Credit Events for the purposes of the Securities. Investors should then conduct their own investigation and analysis with respect to the creditworthiness of Reference Entities and the likelihood of the occurrence of a Credit Event.

Reference Entities may not be subject to regular reporting requirements. The Reference Entities may report information in accordance with different disclosure and accounting standards. Prospective investors should note that in certain circumstances, there may be no requirement for the Issuer to give information which is generally publicly available in relation to the occurrence of a Credit Event. If a Credit Event occurs in respect of a Reference Entity which is not public, holders of the Securities may not be able to verify the occurrence of such Credit Event. None of the Issuer or the Calculation Agent or any of their respective affiliates make any representation as to the accuracy or completeness of any information available with respect to the Reference Entities and none of the Issuer or the Calculation Agent or any of their respective affiliates will have any obligation to keep investors informed as to any matters with respect to the Reference Entities or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event with respect to the Reference Entities.

#### *Substitution of the Reference Entity*

As a result of mergers or other events involving the Reference Entity, such Reference Entity may change. This could result in the risk that the Reference Entity following such changes can, in economic terms, no longer be compared with the relevant Reference Entity prior to such changes. Any risk which may result from such a change of the Reference Entity will be borne by the Securityholders.

In case of a Succession Event, a Reference Entity may become Successor of another Reference Entity. If a Credit Event has already occurred and been notified accordingly in relation to such Successor prior to the relevant Succession Event, such previous Credit Event will not prevent the occurrence and determination of a (new) Credit Event in relation to such Successor, even if with respect to each Reference Entity only one notified Credit Event is taken into account.

#### *Conflicts of interest in relation to the Reference Entity*

The Issuer, the Calculation Agent and their affiliates are entitled to purchase and sell the Certificates for their own account or for the account of others, to issue further Certificates and to engage in transactions (including hedging transactions) with respect to the Reference Entity or Reference Item. The Issuer, the Calculation Agent and their affiliates are also entitled to exercise a function in relation to the Certificates other than the present function and to issue additional derivative instruments in relation to the potential Reference Item. Such transactions may favourably or adversely affect the market price of the Certificates. If additional and competing products are introduced in the markets, this may adversely affect the value of the Certificates. The Issuer, the Calculation Agent and their affiliates are entitled in connection with any future securities issues by the Reference Entity to act as managers, financial advisers for the relevant Reference Entity or as commercial bank for a Reference Entity. Such activities may result in conflicts of interest.

The Issuer, the Calculation Agent and their affiliates may on the issue date of the Certificates or at any time thereafter be in possession of information in relation to any Reference Entity that may be material to holders of any Certificates and that may not be publicly available or not known to the Securityholders. There is no obligation on the part of the Issuer, the Calculation Agent or their affiliates to disclose any such information to the Securityholders.

#### *Implementation of Resolutions of the "Credit Derivatives Determination Committee"*

ISDA has established Credit Derivatives Determination Committees (each a "**Committee**") that comprise of dealers in and buyers of credit derivative instruments for the purpose of resolving matters and questions in connection with ISDA standard terms or an auction organised by ISDA.

The Calculation Agent may take any applicable resolutions of the relevant Committee into account when applying the Final Terms and the Terms and Conditions and in exercising its discretion. Potential investors should therefore be aware that their investment in Credit Linked Certificates and any loss following a Credit Event could be dependent on resolutions of such Committee.

Resolutions of a Committee may in particular be made with respect to the following events and circumstances:

- occurrence (or non-occurrence) of a Credit Event with respect to a Reference Entity and the time of such occurrence;
- whether an auction will be hold in respect of such Reference Entity and the parameters and timing of such auction, including the actual Deliverable Obligations of such Reference Entity;
- occurrence (or non-occurrence) of a Succession Event with respect to a Reference Entity, the time of such occurrence and the identity of the Successor;
- occurrence of a Potential Failure to Pay on behalf of the Reference Entity;
- replacement of the Reference Entity's reference obligation by another obligation; and
- other circumstances brought before the Committee for resolution by market participants.

The resolutions made by a relevant Committee will be published on the website <http://www.isda.org/credit/>.

*Actions of Reference Entities may affect the value of the Certificates*

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Certificates. Securityholders should be aware that the Reference Entities to which the value of the Certificates is exposed, and the terms of such exposure, may change over the term of the Certificates.

*Payments in the Certificates may be deferred or suspended*

In certain circumstances, for example where (a) a Credit Event has occurred and the related credit loss has not been determined as at the relevant date for payment, (b) where a potential Credit Event exists as at the Exercise Date of the Certificates, or (c) pending a resolution of a Credit Derivatives Determinations Committee, payment of the cash settlement amount of the Securities and/or remuneration may be deferred for a material period in whole or part without compensation to the holders of the Certificates.

*Use of Cash Settlement may adversely affect returns to Securityholders*

Following the occurrence of a Credit Event, the Calculation Agent will be required to seek quotations in respect of selected obligations of the affected Reference Entity. Save as otherwise specified in the applicable Final Terms, quotations obtained will be "bid-side" - that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer. Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers). Accordingly, any quotations so obtained may be significantly different from the value of the relevant obligation which would be determined by reference to (for example) the present value of related cashflows. Quotations will be deemed to be zero in the event that no such quotations are available.

### *Risks may be compounded*

Various risks relating to the Certificates may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Certificates and/or in increased losses for the Securityholders.

### *The Certificates do not represent an interest in obligations of Reference Entities*

The Certificates do not constitute an acquisition by the Securityholders of any interest in any obligation of a Reference Entity and the Securityholders will not have any voting or other rights in relation to such obligation. The relevant Issuer does not grant any security interest over any such obligation.

### *Historical performance may not predict future performance*

Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities. Historical default statistics may not capture events that would constitute Credit Events for the purposes of the Certificates.

### ***Risks Related to Certificates generally***

#### *Modification*

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

The Conditions also provide that the Principal Security Agent and the Issuer may, without the consent of Securityholders, agree to (i) any modification (subject to certain specific exceptions) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders or (ii) any modification of the Securities 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.

#### *Expenses and Taxation*

A holder of Securities must pay all Expenses relating to such Securities. As used in the Conditions, **Expenses** means all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities pursuant to the terms of such Securities as more fully set out in Condition 8.

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, exercise or enforcement of any Security by any person 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 Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 (or the date of publication in the Federal Register of final regulations defining the term “foreign passthru payment”, if later) in respect of (i) any Securities 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 or materially modified after the later of (a) 31 December 2013, or (b) the date that is six months after the date on which the final regulations defining the term “foreign passthru payment” are filed in the Federal Register pursuant to the foreign account tax compliance provisions (**FATCA**) of the Hiring Incentives to Restore Employment Act of 2010 and (ii) any Securities characterised as equity or which do not have a



fixed term for U.S. federal tax purposes, whenever issued.. In addition, pursuant to the Conditions of the Securities, the Issuer may issue further Securities (**Further Securities**) in respect of any Series of Securities already issued (**Existing Securities**) such that the Further Securities shall be consolidated and form a single Series with the Existing Securities. An issue of Further Securities after 31 December 2013 that will be consolidated and form a single Series with, and have the same operational identification numbers as Existing Securities issued on or before 31 December 2013 may result in such Existing Securities also being subject to withholding.

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

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, 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 on how these rules may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities is uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

#### *Legislation Affecting Dividend Equivalent Payments*

The United States Hiring Incentives to Restore Employment Act (the **HIRE Act**) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Under issued temporary and proposed regulations, a dividend equivalent payment also includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the Securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the Securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the Securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

### *Other taxation considerations*

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

### *Illegality and Cancellation*

If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge the Issuer's obligations under any Securities have become, illegal in whole or in part for any reason, the Issuer may cancel such Securities. The Issuer may also cancel the Securities upon the occurrence of certain adjustment events as set out in Condition 12. If the Issuer cancels the Securities, it will (in the case of an illegality, if permitted by applicable law), pay the holder of each such Security an amount equal to the fair market value of such Security, notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent. The fair market value of the Securities may be less than the purchase price of the Securities and may in certain circumstances be zero.

### *Change of law*

The Conditions 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.

### *Potential Conflicts of Interest*

The Issuer and/or any of its Affiliates may also engage in trading activities (including hedging activities) related to the asset or other basis of reference underlying any Securities and other instruments or derivative products based on or related to the asset or other basis of reference underlying any Security for their proprietary accounts or for other accounts under their management. The Issuer and/or any of its Affiliates may also issue other derivative instruments in respect of the asset or other basis of reference underlying Securities. The Issuer and/or any of its Affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Securities or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Securities.

Under the Conditions of the Securities, the Calculation Agent may make certain determinations in respect of the Securities which could affect the amount payable by the Issuer on the Securities. In exercising its right to make such determinations the Calculation Agent is entitled to act in its sole and absolute discretion. Where the Issuer acts as Calculation Agent, potential conflicts of interest may exist between the Calculation Agent and the Securityholders, including with respect to those determinations that the Calculation Agent may make pursuant to the Securities that may influence the Cash Amount payable on the Settlement Date.

Any further conflict of interest, including conflicts between the Issuer and any Managers or Distributors will be indicated in the relevant Final Terms.

### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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 or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being

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

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

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

### ***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 risk and credit risk.

#### *Impact of implicit fees on the Issue/Offer Price*

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Securities, but such fees will not be taken into account for the purposes of determining the price of the relevant Securities in the secondary market.

The Issuer will specify in the relevant Final Terms the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Securities are sold on the secondary market immediately following the offer period relating to such Securities, the implicit fees included in the Issue/Offer Price on initial subscription for such Securities will be deducted from the price at which such Securities may be sold in the secondary market.

#### *Certain considerations associated with public offers of Securities*

If Securities 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 to be null and void according to the terms indicated in the relevant Final Terms.

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

#### *Possible Illiquidity of the Securities in the Secondary Market*

It is not possible to predict the price at which Securities will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Securities on a stock exchange or market. If the Securities are not listed or admitted to trading on any exchange or market, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. If the Issuer does list or admit to trading an issue of Securities, there can be no assurance that at a later date, the Securities will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Securities on another exchange or market.

The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or

surrendered for cancellation. The Issuer or any of its Affiliates may, but is not obliged to, be a market-maker for an issue of Securities. Even if the Issuer or such other entity is a market-maker for an issue of Securities, the secondary market for such Securities may be limited. To the extent that an issue of Securities becomes illiquid, an investor may have to wait until the Exercise Date to realise value.

Finally, investors should note that if an entity is appointed as market-maker or liquidity provider with respect to the Securities in the secondary market, this may, in certain circumstances, affect the price of the Securities in the secondary market.

### *Listing of Securities*

In respect of Securities which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain (as soon as reasonably practicable after the relevant de-listing) an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide.

If such an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.

### *Exchange rate risks and exchange controls*

The Issuer will pay the Cash Amount in respect of the Securities in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement 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 Settlement Currency would decrease (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the Cash Amount in respect of the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

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, the Cash Amount that investors may receive may be less than expected or zero.

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

### ***Legal Risks***

#### *Legal investment considerations may restrict certain investments*

Each prospective purchaser of Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Securities (i) is fully consistent with its (or if it is acquiring the Securities 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 Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Securities.

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) Securities are legal investments for it, (2) Securities can be

used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities 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 Securities 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 Securities by a prospective purchaser of the Securities, 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.

## 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 shall be deemed to be incorporated in, and to form part of, this Base Prospectus. 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.

1. The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2011:

	<i>2011 Company Financial Statements</i>	<i>2011 Consolidated Financial Statements</i>
Balance sheet	Pages 69-70	Page 268
Income statement	Page 71	Page 269
Changes in shareholders' equity	Page 74	Page 271
Statement of cash flows	Page 75 - 76	Pages 272-273
Accounting principles and explanatory notes	Pages 79-216	Pages 277-369
Auditors' report	Pages 223-224	Pages 373-374

2. The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2012:

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

3. The unaudited company financial statements and the unaudited consolidated financial statements of the Issuer as at and for the three months ending 31 March 2013:

	<i>Company Financial Statements as at 31 March 2013</i>	<i>Consolidated Financial Statements as at 31 March 2013</i>
Balance sheet (Statement of financial position)	Pages 54 - 55	Page 49 – 50
Income statement	Page 56	Page 51
Changes in shareholders' equity	Page 58	Page 53

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 the 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 Principal Security Agent for the time being in Luxembourg. This Base Prospectus is available on the official website of the Issuer at <http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html> and on the official website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie) and all documents incorporated by reference herein are available on the official website of the Issuer at <http://www.bancaimi.com/bancaimi/en/chi-siamo/bilanci-e-relazioni.html>, and on the official website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie).

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 Securities, prepare a supplement to this Base Prospectus, which supplement will be approved by the Central Bank in accordance to the Irish applicable laws and regulations, or publish a new base prospectus for use in connection with any subsequent issue of Securities. Any supplement to this Base Prospectus will be published on the official website of the Issuer at <http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html> and on the website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie).

## OVERVIEW OF THE PROGRAMME

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

*This Overview 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.*

*Words and expressions defined in the Terms and Conditions of the Securities and in the remainder of this Base Prospectus shall have the same meanings in this overview.*

<b>Issuer:</b>	Banca IMI S.p.A.
<b>Description:</b>	Credit Linked Certificates Programme
<b>Certain Restrictions</b>	Each issue of Securities denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Offering and Sale</i> ").
<b>Principal Security Agent and Listing Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Calculation Agent:</b>	The Issuer or such other calculation agent specified in the applicable Final Terms.
<b>Settlement Currencies:</b>	Euro, U.S. dollars or any other currency or currencies selected by the Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issuer may issue Securities in respect of which the Cash Amount and/or Remuneration Amount may be payable, as specified in the applicable Final Terms, in one or more currencies (" <b>Settlement Currency</b> " as specified in the applicable Final Terms) which may be different from the currency in which the Issue Price was denominated (" <b>Issue Currency</b> " as specified in the applicable Final Terms) ( <b>Dual Currency Securities</b> ).
<b>Issue Price:</b>	Securities may be issued at such price as shall be determined by the Issuer or any Manager appointed in respect of the issue subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issue Price will be specified in the applicable Final Terms.
<b>Form of Securities:</b>	Each issue of Securities will on issue be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable either, in accordance with its terms, for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.
<b>Type of Securities:</b>	The Issuer may issue Credit Linked Certificates, as specified below.



<b>Settlement:</b>	Settlement will be settled by way of cash payment (Cash Amount).
<b>Return on the Securities</b>	<p>Certificates entitle the holder to payment on the Settlement Date of the Cash Settlement Amount, if no Credit Event has occurred.</p> <p>If the Conditions to Settlement that are set out in the applicable Final Terms are satisfied, the Certificates may be automatically exercised, also before the Exercise Date, with payment of the Credit Event Cash Settlement Amount or Auction Credit Event Settlement Amount, as specified in the Final Terms.</p> <p>Remuneration may be payable in respect of Certificates, if so specified in the applicable Final Terms.</p>
<b>Exercise of the Securities:</b>	Each Certificate shall be automatically exercised on the Exercise Date. In the case of Certificates listed on the regulated market of jurisdictions other than Ireland, Securityholders may be entitled to waive the automatic exercise in accordance with the specific requirements of such regulated market, as specified in the applicable Final Terms.
<b>Status of the Securities:</b>	The Securities constitute direct, unsubordinated, unconditional 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.
<b>Substitution of the Issuer:</b>	Unless otherwise indicated in the relevant Final Terms, the Issuer is entitled, subject to the Conditions of the Securities, to substitute any other company as principal debtor in respect of all obligations arising from or in connection with any Securities or to change the branch through which it is acting for the purpose of any Securities. Upon any such substitution of the Issuer or branch, the Conditions of the Securities will be amended in all consequential respects.
<b>Listing and Admission to Trading:</b>	<p>Application has been made to the Irish Stock Exchange for Securities issued under the Programme to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Irish Stock Exchange's regulated market.</p> <p>The Securities may also be unlisted or admitted to listing and trading on such other or further stock exchange or market, as the Issuer may specify in the applicable Final Terms.</p>
<b>Governing Law</b>	The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and shall be construed in accordance with, English Law.

## TERMS AND CONDITIONS OF THE SECURITIES

*The following is the text of the Terms and Conditions (the Conditions) of the Securities which will apply to each issue of Securities and be incorporated by reference into each Global Security. The terms of the Final Terms (the "Final Terms") applicable to the respective issue of Securities complete and specify the Terms and Conditions of the Securities. The completed and specified Final Terms together with the Terms and Conditions of the Securities represent the conditions applicable to the relevant issue of Securities*

The Securities of this series (such Securities being hereinafter referred to as the **Securities**) are issued by Banca IMI S.p.A. (the **Issuer**) pursuant to an Agency Agreement dated 28 June 2013 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) between the Issuer and BNP Paribas Securities Services, Luxembourg Branch as principal security agent (the **Principal Security Agent**, which expression shall include any successor principal security agent and, together with any additional security agents appointed pursuant to Clause 14 of the Agency Agreement, the **Security Agents**, which expression shall include any additional or successor security agents).

The Issuer shall undertake the duties of calculation agent (in this capacity, the **Calculation Agent**) in respect of the Securities unless another entity is so specified as the calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Securities, include such other specified Calculation Agent.

The applicable Final Terms for the Securities is attached to the Global Security. Securities will be certificates (**Certificates**), **Security** and **Securities** will be construed accordingly. References herein to the **applicable Final Terms** are to Part A of the Final Terms or each Final Terms (in the case of any further securities issued pursuant to Condition 9 and forming a single series with the Securities) (which for the avoidance of doubt may be issued in respect of more than one series of Securities) attached to the Global Security insofar as it relates to the Securities.

Each series of Securities will on issue be constituted by either (a) in the case of Securities with a maturity of more than one year, a temporary global security in bearer form (the **Temporary Global Security**) or (b) in the case of Securities with a maturity of one year or less, a permanent global security in bearer form (the **Permanent Global Security** and together with the Temporary Global Security, the **Global Securities** and each a **Global Security**) as indicated in the applicable Final Terms which, in either case, will be deposited with a depository (the **Common Depository**) common to Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**).

On or after the 40th day following the Issue Date of the Securities (the **Exchange Date**) the Temporary Global Security will be exchangeable (a) for a Permanent Global Security or (b) for securities in definitive form (**Definitive Securities**, and the expression **Definitive Certificates** shall be construed accordingly), as indicated in the applicable Final Terms and in each case only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Security are not United States persons or persons who have purchased for resale to any United States person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certification received) to the Principal Security Agent. A Permanent Global Security will be exchangeable (free of charge), in whole but not in part, for Definitive Securities only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Securities represented by the Permanent Global Security in definitive form. The Issuer will promptly give notice to Securityholders in accordance with Condition 7 if an Exchange Event occurs. No Definitive Security delivered in exchange for a Temporary Global Security or a Permanent

Global Security, as the case may be, will be mailed or otherwise delivered to any location in the United States or its possessions.

The following legend will appear on all Securities with a maturity of more than one year:

"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 applicable Final Terms for the Securities is attached to the relevant Global Security or the relevant Definitive Security, if applicable. References herein to the "applicable Final Terms" are to Part A of the Final Terms attached to the Global Securities or to the Definitive Security, if applicable.

Copies of the Agency Agreement (which contains the form of the Final Terms) and the applicable Final Terms are obtainable at the specified office of the Principal Security Agent, save that if the Securities 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, the applicable Final Terms will only be obtainable by a Securityholder holding one or more Securities (as detailed below) and such Securityholder must produce evidence satisfactory to the Issuer or the relevant Security Agent as to its holding of such Securities and identity.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

The Securityholders (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Agency Agreement (insofar as they relate to the Securities) and the applicable Final Terms, which are binding on them.

## **1. Type, Title and Transfer**

### **(A) Type**

The Securities are Credit Linked Certificates.

The applicable Final Terms will indicate:

- (i) Whether, in case of occurrence of a Credit Event, settlement shall be by way of Credit Event Cash Settlement Amount or Auction Credit Event Settlement Amount;
- (ii) whether remuneration shall be payable in respect of the Certificates and the manner to calculate such remuneration according to the provisions under Condition 17.

### **(B) Title to Securities**

Except as set out below, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Securities 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, the Security Agents and the Calculation Agent as the holder of such number of Securities for all purposes (and the expressions **Securityholder** and **holder of Securities** and related expressions shall be construed accordingly).

### **(C) Transfers of Securities**

For so long as the Securities are represented by Definitive Securities, title to the Securities will pass by delivery.

For so long as the Securities are represented by a Global Security, all transactions (including transfers of Securities) in the open market or otherwise must be effected through an account at Euroclear or Clearstream, Luxembourg, 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 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 approved by the Issuer and the Principal Security Agent from time to time and notified to the Securityholders in accordance with Condition 7.

Any transfer or attempted transfer within the United States or to, or for the account or benefit of, a United States person 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 Securityholder thereof retroactively to the date of transfer of such interest by the relevant Securityholder.

## 2. Status of the Securities

The Securities constitute direct, unsubordinated, unconditional 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. Definitions

For the purposes of these Conditions, the following definitions will apply:

**Accreted Amount** means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if "Include Accrued Interest" is specified as applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Accreting Obligation** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

**Additional EDD Remuneration Amount** means an amount in the Specified Currency determined by the Calculation Agent in respect of each Credit Security equal to the sum of:

- (a) each amount of remuneration that would have been payable per Credit Security, but for the operation of Condition 17(F) and the original determination of the Event Determination Date, on each Remuneration Payment Date falling after the date originally determined to be the Event Determination Date, to and including the Remuneration Commencement Date; and
- (b) remuneration on each such amount of remuneration, determined by the Calculation Agent using:
  - (i) a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the Remuneration Payment Date on which the relevant Remuneration Amount would have been paid but for the operation of Condition 17(F) and the original determination of the Event Determination Date to but excluding the Remuneration Commencement Date; and
  - (ii) the number of days in the period from and including the Remuneration Payment Date on which the relevant amount of interest would have been paid but for the operation of Condition 17(F) and the original determination of the Event Determination Date to but excluding the Remuneration Commencement Date divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of such period is the 31st day of a month but the first day of such period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

**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;

**Applicable Auction** means an Auction which the Calculation Agent determines is relevant to a Credit Event with respect to a Reference Entity and Obligations thereof and which relates to deliverable obligations which would constitute Reference Obligation(s) under the Credit Linked Certificates (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, reference entity, obligations and deliverable obligations to which the Auction relates and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Credit Linked Certificates).

**Applicable Credit Derivatives Auction Settlement Terms** means with respect to a Reference Entity, a Credit Event and an Applicable Auction, the Credit Derivatives Auction Settlement Terms (if any) which the Calculation Agent determines are relevant to the Credit Linked Certificates (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, reference entity and obligation(s) and deliverable obligations which are the subject of the relevant Credit Derivatives Auction Settlement Terms and the Credit Events, Reference Entities and Obligations under the Credit Linked Certificates and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Credit Linked Certificates). The Calculation Agent shall, as soon as practicable after the relevant Applicable Credit Derivatives Auction Settlement Terms are published, notify the Issuer that Applicable Credit Derivatives Auction Settlement Terms have been published with respect to a

Reference Entity and a Credit Event and make a copy thereof available for inspection by Securityholders at the specified office of the Agent.

**Applicable Request** means a request that a Credit Derivatives Determinations Committee be convened to Resolve the matters described in the definition of Credit Event Resolution Request Date, which the Calculation Agent determines is relevant to the Credit Linked Certificates (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the request and the Credit Events, Reference Entities and Obligations thereof under the Credit Linked Certificates and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Credit Linked Certificates).

**Applicable Resolution** means a Resolution of a Credit Derivatives Determinations Committee which the Calculation Agent determines is relevant to the Credit Linked Certificates (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which the Resolution relates and the terms of the Credit Linked Certificates and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Credit Linked Certificates).

**Auction** means, with respect to a Reference Entity and a Credit Event, an auction pursuant to which an Auction Final Price is to be determined in accordance with an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms.

**Auction Cancellation Date** means, with respect to an Auction, the date on which such Auction was deemed to have been cancelled as announced by ISDA (and/or the administrators specified in the relevant Credit Derivatives Auction Settlement Terms) on its website or such other date as determined and announced in accordance with the relevant Credit Derivatives Auction Settlement Terms.

**Auction Credit Event Settlement Amount** means the amount determined by the Calculation Agent as the product of the Issue Price and the Auction Final Price (as defined below).

**Auction Credit Event Settlement Date** means, the Business Day following the Auction Settlement Date determined in accordance with the Applicable Credit Derivatives Auction Settlement Terms or such other date specified in the applicable Final Terms, as determined by the Calculation Agent.

**Auction Final Price** means, with respect to an Auction, the price (expressed as a percentage) in respect of the deliverable obligations which would constitute Reference Obligation(s) under the Credit Linked Certificates determined to be the Auction Final Price in accordance with the relevant Credit Derivatives Auction Settlement Terms. The Calculation Agent shall as soon as practicable after publication of the Auction Final Price in respect of an Applicable Auction, make available for inspection by Securityholders at the specified office of the Agent a copy of the relevant Applicable Credit Derivatives Auction Settlement Terms and copies of the relevant publication of the Auction Final Price.

**Auction Final Price Determination Date** means with respect to an Auction, the day, if any, on which the Auction Final Price is determined as specified in the applicable Final Terms.

**Auction Settlement Date** has the meaning given to it in the relevant Credit Derivatives Auction Settlement Terms.

**Bankruptcy** means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**Best Available Information** means:

- (a) in the case of a Reference Entity which files information with its primary Certificates regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary Certificates regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (b) in the case of a Reference Entity which does not file with its primary Certificates regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

**Business Day** means (i) a day (other than a Saturday or Sunday) 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 relevant Business Day Centre(s) and on which each of Euroclear and Clearstream, Luxembourg is open for business and (ii) for the purposes of making payments in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) or any successor thereto is open;

**Cash Amount** means (i) if the Conditions to Settlement have not been satisfied, the Cash Settlement Amount, or (ii) if the Conditions to Settlement have been satisfied, the Credit Event Cash Settlement Amount or the Auction Credit Event Settlement Amount, pursuant to the Settlement Method specified in the applicable Final Terms;

**Cash Settlement Amount** means the amount specified as such in the applicable Final Terms, which the Securityholder is entitled to receive on the Settlement Date in the Settlement Currency in relation to each such Security. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Securities exercised or redeemed, as the case may be, at the same time by the same Securityholder will be aggregated for the purpose of determining the aggregate Cash Settlement Amount payable;

**Clearing System** shall mean Euroclear or Clearstream, Luxembourg or such other clearing system as may be specified in the applicable Final Terms;

**Conditions to Settlement** means such conditions as may be set out in the applicable Final Terms, provided that all Conditions to Settlement shall be deemed to be satisfied by the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date in respect of an Applicable Auction, a Valuation Date, or such other date as may be specified in the applicable Final Terms, as applicable. For the avoidance of doubt, if an Event Determination Date is subsequently reversed, the Conditions to Settlement shall not be deemed to have been satisfied in respect of that Event Determination Date for the purposes of Condition 12.

**Convertible Obligation** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Credit Derivatives Auction Settlement Terms** means, with respect to a Reference Entity and a Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA in accordance with the Rules with respect to such Reference Entity and Credit Event, as amended in accordance with the Rules from time to time.

**Credit Derivatives Determinations Committees** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

**Credit Event** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:



- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Credit Event Backstop Date** means:

- (a) if Credit Event Backstop Date is specified as "Applicable" in the applicable Final Terms, the date determined by the Calculation Agent:
  - (i) for the purposes of any DC Resolution by the relevant Credit Derivatives Determinations Committee as to whether an event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (ii) of the definition thereof) has occurred with respect to the relevant Reference Entity or Obligation thereof, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, provided that the Calculation Agent determines that the DC Resolution is an Applicable Resolution and the Credit Event Resolution Request Date relates to an Applicable Request; or
  - (ii) the date that is 60 calendar days prior to the earlier of:
    - (A) the first date on which the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during the Notice Delivery Period; and
    - (B) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules in relation to an Applicable Request, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, provided that such Resolution is an Applicable Resolution and (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date; or

- (b) if Credit Event Backstop Date is specified as "Not Applicable" in the applicable Final Terms, the Credit Event Backstop Date shall be deemed to be the Business Day following the Trade Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**Credit Event Notice** means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the applicable Credit Event Backstop Date and on or prior to the Extension Date. A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 12(11).

**Credit Event Cash Settlement Amount** means the amount determined by the Calculation Agent according to one of the following formula:

- (a) the product of the Issue Price and the Final Price (as defined below), or
- (b) the fixed amount set out by the Issuer in the applicable Final Terms.

The Credit Event Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**Credit Event Settlement Date** means the date specified as such in the applicable Final Terms or, if no such date is specified in the applicable Final Terms, the day falling the number of Business Days specified in the applicable Final Terms after the calculation of the Final Price or if Cash Settlement is applicable pursuant to the Fallback Settlement Method in accordance with Condition 12(2), following any Auction Cancellation Date or No Auction Announcement Date in respect of the relevant Applicable Auction, if later.

**Credit Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in (a) and (b) above.

**DC Resolution** has the meaning given to that term in the definition of Resolve below.

**Default Requirement** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, U.S.\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**Deliver** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the applicable obligation free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that if all or a portion consists of Direct Loan Participations, **Deliver** means to create (or procure the creation) of a participation in favour of and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, **Deliver** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly.

**Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Securityholder that provides each Securityholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Securityholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

**Domestic Currency** means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**Downstream Affiliate** means an entity, whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity. **Voting Shares** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**EDD Adjustment Amount** means an amount in the Specified Currency determined by the Calculation Agent equal to the sum of:

- (a) each amount of interest per Issue Price that would not have been paid (if any) on any Remuneration Payment Date to Securityholders had the earlier Event Determination Date been the date originally determined as the Event Determination Date; and
- (b) interest on each such amount determined by the Calculation Agent using:
  - (i) a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the Remuneration Payment Date on which the relevant interest amount was paid to but excluding the date on which the Credit Linked Certificates are settled; and
  - (ii) the number of days in the period from and including the Remuneration Payment Date on which the relevant interest amount was paid to but excluding the date on which the Credit Linked Certificates are settled divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12

30 day months (unless (i) the last day of such period is the 31st day of a month but the first day of such period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

**Equity Securities** means:

- (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**Event Determination Date** means:

- (a) subject to sub-paragraph (b) of this definition, the first date on which the Calculation Agent determines that both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during:
  - (i) the Notice Delivery Period; or
  - (ii) the period from, and including, the day on which ISDA publicly announces that either:
    - (A) the relevant Credit Derivatives Determinations Committee has Resolved the matters described in ((d)) of the definition of Event Determination Date Conditions (with such provision interpreted for the purposes of this definition as if the words "other than Restructuring" did not appear therein) and the Calculation Agent determines such Resolution is an Applicable Resolution; or
    - (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in ((a)) and ((b)) of the definition of Credit Event Resolution Request Date,in either case relating to a Credit Event Resolution Request Date in respect of an Applicable Request that occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) to, and including, the date that is 14 calendar days thereafter; or
- (b) notwithstanding sub-paragraph (i) of this definition, the relevant Credit Event Resolution Request Date in respect of the relevant Applicable Request as determined by the Calculation Agent, if:
  - (i) each of the Event Determination Date Conditions is satisfied; or
  - (ii) if "Additional Event Determination Date Definitions" is specified as Applicable in the applicable Final Terms:

- (A) the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during the Notice Delivery Period and prior to the Auction Final Price Determination Date;
- (B) each of the Event Determination Date Conditions is satisfied; and
- (C) ISDA publicly announces (including prior to the Trade Date) that, as a result of the DC Resolution of the relevant Credit Derivatives Determinations Committee that an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof, the relevant Credit Derivatives Determinations Committee has resolved that an Auction will be held in accordance with the Credit Derivatives Auction Settlement Terms and the Calculation Agent determines that such Resolutions and Auction constitute Applicable Resolutions and an Applicable Auction,

provided that, in the case of this sub-paragraph (ii):

- (1) no Settlement Date has occurred on or prior to the date on which each of the Event Determination Date Conditions is satisfied; and
- (2) no Event Determination Date has already been determined under sub-paragraph (i) in circumstances where Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Calculation Agent.

**Event Determination Date Conditions** means, the Calculation Agent determines that the following conditions have been satisfied:

- (a) "Auction Settlement" is specified as the Settlement Method in the applicable Final Terms;
- (b) the Trade Date occurs on or prior to the Auction Final Price Determination Date, No Auction Announcement Date or Auction Cancellation Date in respect of the relevant Applicable Auction, as applicable;
- (c) the Credit Event Resolution Request Date relating to an Applicable Request occurs on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date); and
- (d) ISDA publicly announces (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event, other than a Restructuring, has occurred with respect to the relevant Reference Entity or Obligation thereof and that such event has occurred on or after the applicable Credit Event Backstop Date and on or prior to the relevant Extension Date and such Resolution is an Applicable Resolution.

**Exchangeable Obligation** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Excluded Obligation** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**Exercise Business Day** means a day that is a Business Day.

**Extension Date** means the latest of:

- (a) the Exercise Date or such other date as is specified in the applicable Final Terms;
- (b) the Grace Period Extension Date if (a) Grace Period Extension is specified as applicable in the applicable Final Terms, (b) the Credit Event that is the subject of the Credit Event Notice or Credit Event Resolution Request Date in respect of an Applicable Request, as applicable, is a Failure to Pay that occurs after the Exercise Date and (c) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Exercise Date; and
- (c) the Repudiation/Moratorium Evaluation Date if (a) Repudiation/Moratorium is specified as applicable in the applicable Final Terms, (b) the Credit Event that is the subject of the Credit Event Notice or Credit Event Resolution Request Date in respect of an Applicable Request, as applicable, is a Repudiation/Moratorium for which the event described in sub paragraph (b) of the definition of Credit Event Resolution Request Date occurs after the Exercise Date, (c) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Exercise Date and (d) the Repudiation/Moratorium Extension Condition is satisfied.

**Failure to Pay** means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

**Fallback Settlement Method** means, with respect to Credit Linked Certificates for which "Auction Settlement" is specified as the Settlement Method in the applicable Final Terms, the Fallback Settlement Method specified in such Final Terms.

**Final Price** means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Securityholders at the specified office of the Agent and, for so long as the Credit Linked Certificates are listed on the Irish Stock Exchange at the office of the Paying Agent in Luxembourg (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**Full Quotation** means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**Governmental Authority** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**Grace Period** means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;

- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Exercise Date and the applicable grace period cannot, by its terms, expire on or prior to the Exercise Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, thirty calendar days; and
- (c) if as at the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Exercise Date.

**Grace Period Business Day** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**Grace Period Extension Date** means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Exercise Date,

the day that is five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

**ISDA** means the International Swaps and Derivatives Association, Inc. or any successor thereto as determined by the Calculation Agent.

**Market Value** means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted

average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**Merger Event** means that at any time during the period from (and including) the Trade Date to (but excluding) the Exercise Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity or the Issuer, as applicable, or the Issuer and a Reference Entity become Affiliates.

**Minimum Quotation Amount** means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**No Auction Announcement Date** means, with respect to Credit Linked Certificates for which Auction Settlement is specified as the Settlement Method in the applicable Final Terms, a Reference Entity and a Credit Event, the date on which the Calculation Agent determines that ISDA first publicly announces that:

- (a) no Credit Derivatives Auction Settlement Terms will be published with respect to such Reference Entity and Credit Event; or
- (b) Credit Derivatives Auction Settlement Terms will be published with respect to such Reference Entity and Credit Event and the Calculation Agent determines that such terms will not constitute Applicable Credit Derivatives Auction Settlement Terms; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held with respect to such Reference Entity and Credit Event such that the Calculation Agent determines that no Applicable Auction will be held following an Applicable Resolution and prior public announcement by ISDA to the contrary.

**Notice Delivery Period** means the period from and including the Trade Date to and including the second Business Day after the Notice Delivery Period End Date.

**Notice Delivery Period End Date** means the date that is fourteen calendar days after the Extension Date.

**Notice of Publicly Available Information** means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email and/or by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applying in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 12(11).

**Obligation** means:



- (a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);
- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

**Method for Determining Obligations.** For the purposes of paragraph (a) of the definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which either is the subject of the Credit Event Notice or as of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (a) **Obligation Category** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
  - (i) **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (ii) **Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (iii) **Reference Obligations Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (iv) **Bond** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (v) **Loan** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (vi) **Bond or Loan** means any obligation that is either a Bond or a Loan.
- (b) **Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
  - (i) (A) **Not Subordinated** means an obligation that is not Subordinated to (I) the most senior Reference Obligation in priority of payment or, (II) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the

Reference Entity provided that, if any of the events set forth under sub paragraph (a) of the definition of Substitute Reference Obligation below has occurred with respect to all of the Reference Obligations or if with respect to the Reference Obligation one or more Successors to the Reference Entity have been identified and any one or more such Successors have not assumed the Reference Obligation (each, in each case, a **Prior Reference Obligation**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(B) **Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

(ii) **Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the **Standard Specified Currencies**);

(iii) **Not Sovereign Lender** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";

(iv) **Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency;

- (v) **Not Domestic Law** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (vi) **Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (vii) **Not Domestic Issuance** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

**Obligation Acceleration** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Obligation Currency** means the currency or currencies in which the Obligation is denominated.

**Obligation Default** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Observation Cut-Off Date** means the later of (i) the last day of the Notice Delivery Period and (ii) the last day of the period described in subparagraph (a)(ii) of the definition of Event Determination Date.

**Outstanding Principal Balance** means:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

provided that with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Payment Requirement** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, U.S.\$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**Permitted Currency** means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the

Organisation for Economic Co-operation and Development (the **OECD**) and has a local currency long term debt rating assigned to it by an internationally recognised credit rating agency which is at least equal to the highest long term debt rating assigned to any OECD nation by such credit rating agency at that time.

**Potential Failure to Pay** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

**Potential Repudiation/Moratorium** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**Price Source** has the meaning given in the applicable Final Terms;

**Publicly Available Information** means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
  - (i) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
  - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
  - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (a) of the definition of Bankruptcy against or by a Reference Entity; or
  - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation.
- (c) In relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any

Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

- (d) Publicly Available Information need not state:
  - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) has met the subjective criteria specified in certain Credit Events.

**Public Source** means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos, Il Sole 24 Ore and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**Qualifying Affiliate Guarantee** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**Qualifying Guarantee** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**). Qualifying Guarantees shall exclude any arrangement structured (i) as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

**Quotation** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were

obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (b)
  - (i) if "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
  - (ii) if "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
  - (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**Quotation Amount** means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**Quotation Dealer** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, other than Banca IMI S.p.A., including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**Quotation Method** means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (a) **Bid** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **Offer** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **Mid-market** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**Reference Entity** means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of "Successor" below on or following the Trade Date or (b) identified by the Calculation Agent by reference to a public announcement by ISDA on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules, shall, in each case, be the Reference Entity for the purposes of the relevant Series.

**Reference Obligation** means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**Relevant Obligations** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**Remuneration** means the amounts payable to the Securityholders as described in Condition 17 below.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**Repudiation/Moratorium** means the occurrence of both of the following events:

- (a) an authorised officer of a Reference Entity or a Governmental Authority:
  - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**Repudiation/Moratorium Evaluation Date** means, if a Potential Repudiation/Moratorium occurs on or prior to the Exercise Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Exercise Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**Repudiation/Moratorium Extension Condition** is satisfied if:

- (a) the Calculation Agent determines that ISDA has publicly announced pursuant to a valid request that was made, in accordance with the Rules, and effectively received on or prior to the date that is fourteen calendar days after the Exercise Date in the case of Credit Linked Certificates or European Style Credit Warrants, or, as appropriate, in the case of American Style Credit Warrants, the Expiration Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the

relevant Reference Entity and that such event occurred on or prior to the Exercise Date and such Resolution constitutes an Applicable Resolution; or

- (b) by delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Final Terms, a Notice of Publicly Available Information, each of which is effective on or prior to the date that is fourteen calendar days after the Exercise Date.

In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is not capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Exercise Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the relevant Credit Derivative Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Exercise Date.

Sub-paragraph (a) and the immediately preceding paragraph of this definition shall not apply unless the Calculation Agent determines that the relevant Resolution referred to therein constitutes an Applicable Resolution.

**Repudiation/Moratorium Extension Notice** means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Exercise Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**Resolve, Resolved, Resolves and Resolving** means, with respect to a Credit Derivatives Determinations Committee, the making of a specific determination in accordance with the relevant Rules (and each such determination, a **DC Resolution**).

**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

**Restructuring** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date with respect to the relevant Credit Derivative Transaction and (ii) the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;



- (c) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 12(10), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (a) to (e) of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**Restructuring Date** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**Restructuring Maturity Limitation Date** means the date that is the earlier of (x) thirty months following the Restructuring Date and (y) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Exercise Date or later than thirty months following the Exercise Date and if it is, it shall be deemed to be the Exercise Date or thirty months following the Exercise Date, as the case may be.

**Rules** means, with respect to a Credit Derivatives Determinations Committee, the Credit Derivatives Determinations Committees Rules published by ISDA, as amended from time to time in accordance with the terms thereof.

**Scheduled Valuation Date** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

**Settlement Currency** means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Credit Linked Certificates.

**Scheduled Settlement Date** means the date specified as such in the applicable Final Terms;

**Settlement Date** means the later to occur of the Scheduled Settlement Date, the Credit Event Settlement Date, the Auction Credit Event Settlement Date and, if applicable, the Repudiation/Moratorium Evaluation Date, the Postponed Settlement Date and the Grace Period Extension Date.

**Settlement Method** means Cash Settlement or Auction Settlement, as specified in the applicable Final Terms.

**Sovereign** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

**Sovereign Agency** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**Specified Number** means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

**Substitute Reference Obligation** means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
  - (i) a Reference Obligation is redeemed in whole; or
  - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity,

the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If:
  - (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations; or
  - (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the until the Extension Date.
- (f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**Succession Event** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the applicable Succession Event Backstop Date.

**Succession Event Backstop Date** means:

- (a) if Succession Event Backstop Date is specified as "Applicable" in the applicable Final Terms, the date determined by the Calculation Agent:
  - (i) for purposes of any DC Resolution of the relevant Credit Derivatives Determinations Committee with respect to whether or not a Succession Event

has occurred, the date that is 90 calendar days prior to the relevant Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time); or

- (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date; or
- (iii) if Succession Event Backstop Date is specified as "Not Applicable" in the applicable Final Terms, the Succession Event Backstop Date shall be deemed to be the Business Day following the Trade Date.

The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Final Terms.

**Succession Event Notice** means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer that describes a Succession Event that occurred on or after the relevant Succession Event Backstop Date.

**Succession Event Resolution Request Date** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event for purposes of the relevant Credit Derivative Transaction has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**Successor** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with

the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;

- (iii) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (iv) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (b) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in this definition and sub-paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred and the Calculation Agent determines that such Resolution is an Applicable Resolution. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(iv) above, as applicable, the

Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Securityholder(s) at the specified office of the Agent and, for so long as the Credit Linked Certificates are listed on the Irish Stock Exchange, at the office of the Paying Agent in Luxembourg.

Where pursuant to this definition and/or any Applicable Resolution relating to a succession Event Resolution Request, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Certificates under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Securityholders in accordance with Condition 7, stating the adjustment to the Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

In the case of (b) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under paragraph (b) above; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred and the Calculation Agent determines that such Resolution is an Applicable Resolution.

For the purposes of this definition of "Successor", **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (A) a Reference Obligation is specified in the applicable Final Terms; and
- (B) one or more Successors to the Reference Entity have been identified; and

- (C) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

**Supranational Organisation** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

**Suspension Event** means the Calculation Agent determines that a public announcement has been made by ISDA that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules and such announcement relates to a Reference Entity and Credit Event under the Credit Linked Certificates.

**Suspension Event Cessation Date** means, with respect to a Suspension Event, the date on which the Calculation Agent determines that ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in the definition of Suspension Event or (ii) not to determine such matters.

**TARGET Settlement Day** means any day on which the TARGET System is open for the settlement of payments in euro.

**Trade Date** means the date specified as such in the applicable Final Terms.

**Unwind Costs** means the amount specified in the applicable Final Terms or if **Standard Unwind Costs** are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the settlement of the Credit Linked Certificates and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst the Credit Linked Certificates.

**Valuation Date** means where Cash Settlement is specified as applying in the applicable Final Terms, if "Single Valuation Date" is specified in the applicable Final Terms, subject to Condition 12(3) the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if "Cash Settlement" is applicable pursuant to the Fallback Settlement Method in accordance with Condition 12(2), any Auction Cancellation Date or any No Auction Announcement Date, if later), and if "Multiple Valuation Dates" is specified in the applicable Final Terms, subject to Condition 12(3), each of the following dates:

- (a) the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if "Cash Settlement" is applicable pursuant to the Fallback Settlement Method in accordance with Condition 12(2), any Auction Cancellation Date or No Auction Announcement Date, if later); and
- (b) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

**Valuation Method:**

(a) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:

- (i) **Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
- (ii) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

(b) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:

- (i) **Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
- (ii) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
- (iii) **Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

(c) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:

- (i) **Blended Market** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
- (ii) **Blended Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

(d) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:

- (i) **Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended



Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or

- (ii) **Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

- (e) Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**Valuation Time** means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**Weighted Average Quotation** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

#### **4. Illegality**

If the Issuer determines that the performance of its obligations under the Securities or that any arrangements made to hedge the Issuer's obligations under the Securities have become illegal in whole or in part for any reason, the Issuer may cancel the Securities by giving notice to Securityholders in accordance with Condition 7.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Securities then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder, which amount shall be the fair market value of a Security, notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 7.

#### **5. Purchases and Cancellation**

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation.

#### **6. Agents, Determinations, Meetings of Securityholders and Modifications**

- (A) *Security Agents*

The specified offices of the Security Agents are as set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Security Agent and to appoint further or additional Security Agents, provided that no termination of appointment of the Principal Security Agent shall become effective until a replacement Principal Security Agent shall have been appointed and provided that, so long as any of the Securities are listed on any stock exchange or admitted to trading or listing by any other relevant authority, there shall be a Security Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange or other relevant authority. Notice of any termination of appointment and of any changes in the specified office of any Security Agent will be given to Securityholders in accordance with Condition 7 provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such termination or changes. In acting under the Agency Agreement, each Security Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders and any Security Agent's determinations and calculations in respect of the Securities shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

The Agency Agreement may be amended by the parties thereto, but without the consent of the Securityholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the parties may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Securityholders.

(B) *Calculation Agent*

In relation to each issue of Securities, the Calculation Agent (whether it be the Issuer or another entity) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. All calculations and determinations made in respect of the Securities by the Calculation Agent shall be made in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(C) *Determinations by the Issuer*

Any determination made by the Issuer pursuant to these Conditions shall be made in good faith and in a commercially reasonable manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

(D) *Meetings of Securityholders and Modifications*

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Securities or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority of the Securities for the time being outstanding or at any adjourned meeting two or more persons being or representing Securityholders whatever the number or Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities (including modifying the date of exercise of the Securities, reducing or cancelling the Cash Settlement Amount in respect of the Securities or altering the currency of payment of the Securities other than pursuant to Condition 13), the quorum shall be two or more persons holding or representing not less than two-thirds of the Securities for the time being outstanding or at any adjourned such meeting one or more persons holding or representing not less than one-third of the Securities for the time being outstanding. An

Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting.

The Principal Security Agent and the Issuer may agree, without the consent of the Securityholders to:

- (a) any modification (except as mentioned above) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders; or
- (b) any modification of the Securities 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.

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 7 as soon as practicable thereafter.

## **7. Notices**

All notices to Securityholders shall be valid if (i) until such time as any Definitive Securities are issued, the notice is delivered to Euroclear and/or Clearstream, Luxembourg, for communication by them to the Securityholders; (ii) if and so long as the Securities are admitted to trading on the Irish Stock Exchange's regulated market and listed on the Official List of the Irish Stock Exchange, the notice is published in accordance with the rules and regulations of the Irish Stock Exchange (which shall include publication on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie))) and (iii) if and so long as the Securities are admitted to trading on stock exchanges other than the Irish Stock Exchange, the notices are duly published in a manner which complies with the rules of any such other stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading. If Definitive Securities are issued, notices to Securityholders will be deemed validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times*. Any such notice shall be deemed to have been given on the date of delivery to Euroclear and/or Clearstream, Luxembourg or the date of publication, as the case may be, or, if published more than once, on the date of the first publication.

## **8. Expenses and Taxation**

- (A) A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, sale commissions, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities pursuant to the terms of such Securities (**Expenses**) relating to such Securities as provided above.
- (B) 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, exercise or enforcement of any Security by any person 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.
- (C) A holder of Securities must provide the Issuer with sufficient information and all reasonable assistance necessary (and pay all costs associated with), compliance by the Issuer with Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (**Code**) or otherwise imposed pursuant to Section 1471 through 1474 of the Code 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 of the Code.

## 9. Further Issues

The Issuer shall be at liberty from time to time without the consent of Securityholders to create and issue further Securities so as to be consolidated with and form a single series with the outstanding Securities.

## 10. Substitution of the Issuer

### (A) *Substitution of Issuer*

Unless otherwise indicated in the relevant Final Terms, the Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, 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 Securities 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 Securities 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 Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Securities shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Securities are listed shall have confirmed that following the proposed substitution of the Substitute the Securities 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 Securityholders in accordance with Condition 7.

### (B) *Modification of Conditions as a result of Substitution of Issuer*

After any substitution or change of branch pursuant to Condition 10(A) above, the Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the 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 Securityholders in accordance with Condition 7.

## 11. Governing Law and Jurisdiction

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

In relation to any legal action or proceedings arising out of or in connection with the Securities and the Global Security (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the Securities, the Global Security and the Agency Agreement) (**Proceedings**), the Issuer irrevocably submits to the jurisdiction of the courts of England and hereby waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

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 process in any other manner permitted by law.

## 12. Terms of the Certificates

### (1) Settlement or Expiration absent Satisfaction of Conditions to Settlement

Subject to the provisions of this Condition 12(1) as are applicable to the Credit Linked Certificates or as otherwise specified in the applicable Final Terms, the Issuer will settle each Credit Linked Certificate on the Settlement Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to the Cash Settlement Amount of such Certificate (together with Remuneration, if any, payable thereon) unless:

- (a) the Credit Linked Certificates have been previously settled or purchased and cancelled in full; or
- (b) the Conditions to Settlement have been satisfied, in which event, subject as set out herein, the Issuer shall settle the Credit Linked Certificates in accordance with Condition 12(2) below.

### (2) Settlement following Satisfaction of Conditions to Settlement

Upon the satisfaction of the Conditions to Settlement, subject as set out in the applicable Final Terms, each Credit Linked Certificate will be deemed to have been automatically exercised on the Event Determination Date and will be settled, subject to the provisions of this Condition 12 as are applicable to the Credit Linked Certificates or as otherwise specified in the applicable Final Terms:

- (a) if the applicable Settlement Method is Auction Settlement, by payment of the Auction Credit Event Settlement Amount on the Auction Settlement Date or, as appropriate, in accordance with the applicable Fallback Settlement Method (if any); and
- (b) if the applicable Settlement Method is Cash Settlement, by payment of the Credit Event Cash Settlement Amount on the Credit Event Settlement Date.

### (3) Suspension of Obligations

If, following the determination of an Event Determination Date in accordance with sub paragraph (i) of the definition of Event Determination Date but prior to the relevant Settlement Date or, to the extent applicable, a Valuation Date, the Calculation Agent determines that a Suspension Event has occurred, the timing requirements of Condition 12 relating to Settlement Dates, Valuation Dates, Credit Event Settlement Date(s), such other dates as may be specified in the applicable Final Terms, as applicable, or any other provision that pertains to settlement of the Credit Linked Certificates, shall toll and remain suspended until the Suspension Event Cessation Date. The relevant timing requirements and redemption and settlement provisions, as applicable, that have previously tolled or been suspended shall resume on the Business Day following the relevant Suspension Event Cessation Date with the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Condition 12(3). Without prejudice to any amounts payable pursuant to Condition 12(7), no additional amounts shall be payable by the Issuer in connection with any such suspension.

### (4) Repudiation/Moratorium Extension

Where "Repudiation/Moratorium" is specified as a Credit Event in the applicable Final Terms, the provisions of this Condition 12(4) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Exercise Date, the Expiration Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Exercise Date, Condition 12(6) applies, and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium may or will, in the sole determination of the Calculation Agent, fall after the Exercise Date, then the Calculation Agent shall notify the

Securityholders in accordance with Condition 7 that a Potential Repudiation/Moratorium has occurred. If the Repudiation/Moratorium Extension Condition is satisfied and an Event Determination Date does not occur on or prior to the final day of the Notice Delivery Period:

- (i) provided that there are no other Extension Events (as defined in Condition 12(6) below) outstanding as at the Repudiation/Moratorium Evaluation Date, each Credit Linked Certificate shall be settled in accordance with Condition 12(1) on the second Business Day following the Repudiation/Moratorium Evaluation Date; and
- (ii) in the case of remuneration bearing Credit Linked Certificates, the Issuer shall be obliged to pay remuneration calculated as provided herein, accruing from (and including) the Remuneration Payment Date immediately preceding the Exercise Date (or if none, the Remuneration Commencement Date) to (but excluding) the Settlement Date but shall only be obliged to make such payment of remuneration on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of remuneration shall be payable and no additional amount shall be payable in respect of such delay.

**(5) Grace Period Extension**

If "Grace Period Extension" is specified as Applicable in the applicable Final Terms, the provisions of this Condition 12(5) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Exercise Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Exercise Date (and such Grace Period(s) is/are continuing as at the Exercise Date), then:

- (i) where an Event Determination Date in respect of the Failure to Pay does not occur on or prior to the last day of the Notice Delivery Period:
  - (a) provided that there are no other Extension Events outstanding as at the Grace Period Extension Date, each will be shall be settled in accordance with Condition 12(1) on the second Business Day following the Repudiation/Moratorium Evaluation Date on the Grace Period Extension Date; and
  - (b) in the case of remuneration bearing s, the Issuer shall be obliged to pay remuneration calculated as provided herein, accruing from (and including) the Remuneration Payment Date immediately preceding the Exercise Date (or if none, the Remuneration Commencement Date) to (but excluding) the Grace Period Extension Date but shall only be obliged to make such payment of remuneration on the Grace Period Extension Date and no further or other amount in respect of in remuneration shall be payable and no additional amount shall be payable in respect of such delay; or
- (ii) where a Failure to Pay has occurred on or prior to the last day of the Notice Delivery Period the provisions of Condition 12(2) shall apply.

**(6) Extension**

If on the Exercise Date the Calculation Agent determines that on or prior to such date:

- (i) a Potential Repudiation/Moratorium may have occurred;
- (ii) a Potential Failure to Pay may have occurred;

- (iii) an Applicable Request has been made on or prior to such date in respect of which an Applicable Resolution has not been published; or
- (iv) without duplication, in the opinion of the Calculation Agent, a Credit Event may have occurred in relation to which the Conditions to Settlement have not been satisfied (such Credit Event, a **Postponement Credit Event**), and

in each case, in respect of which an Event Determination Date has not occurred as at the Exercise Date (each such event an **Extension Event**), the Calculation Agent may notify the Securityholders in accordance with Condition 7. In such circumstances, each Credit Linked Certificate shall be settled as follows:

- (a) with respect to a Potential Repudiation/Moratorium, in accordance with Condition 12(4), unless an Event Determination Date occurs on or prior to the last day of the Notice Delivery Period and is not reversed pursuant to Condition 12(7), in which case each Credit Linked Certificate will be shall be settled in accordance with Condition 12(2);
- (b) with respect to a Potential Failure to Pay, in accordance with Condition 12(5), unless an Event Determination Date occurs on or prior to the last day of the Notice Delivery Period and is not reversed pursuant to Condition 12(7), in which case each Credit Linked Certificate will be shall be settled in accordance with Condition 12(2); or
- (c) with respect to an Applicable Request or a Postponement Credit Event, if an Event Determination Date occurs on or prior to the Observation Cut-Off Date and is not reversed pursuant to Condition 12(7), in which case each Credit Linked Certificate will be shall be settled in accordance with Condition 12(2); or
- (d) with respect to an Applicable Request or a Postponement Credit Event, if an Event Determination Date does not occur on or prior the Observation Cut-Off Date or an Event Determination Date is reversed pursuant to Condition 12(7), subject to Condition 12(12) and provided that there are no other Extension Events outstanding as at the Observation Cut-Off Date, each Credit Linked Certificate will be shall be settled in accordance with Condition 12(1) on the second Business Day following the Observation Cut-Off Date (the **Postponed Settlement Date**); and
- (e) in the case of remuneration bearing Credit Linked Certificates only, the Issuer shall, without duplication and without prejudice to Condition 12(7), be obliged to pay remuneration calculated as provided herein accruing from (and including) the Remuneration Payment Date immediately preceding the Exercise Date (or if none the Remuneration Commencement Date) to (but excluding) the Postponed Settlement Date but shall only be obliged to make such payment of remuneration on the Postponed Settlement Date and no further or other amount in respect of remuneration shall be payable and no additional amount shall be payable in respect of such delay.

An Extension Event will be deemed to be outstanding on any date, if the period specified in (a), (b)(c) or (d)(e) in respect of the relevant Extension Event in which an Event Determination Date may occur has not expired as at such date.

#### **(7) Reversals and adjustments to Event Determination Dates**

- (i) Notwithstanding anything to the contrary herein, no Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, ISDA publicly announces prior to the Auction Final Price Determination Date in respect of an Applicable Auction, a Valuation Date, the Settlement Date, or the Observation Cut-Off Date, as applicable, that the relevant Credit Derivatives Determinations Committee has

Resolved that an event does not constitute a Credit Event with respect to the relevant Reference Entity or Obligation thereof and the Calculation Agent determines that such Resolution is an Applicable Resolution.

- (ii) Notwithstanding anything to the contrary in these Conditions, but subject as set out in the applicable Final Terms, following the determination of an Event Determination Date, if, in accordance with Condition 12(7)(i):
  - (a) such Event Determination Date is deemed to have occurred on a date that is earlier than the date originally determined to be the Event Determination Date, an amount equal to the relevant EDD Adjustment Amount (if any) shall be deducted to the fullest extent possible from the Credit Event Settlement Amount or Auction Credit Event Settlement Amount, as applicable; or
  - (b) such Event Determination Date is deemed not to have occurred, notwithstanding Condition 17(F) each Credit Linked Certificate, where relevant, shall recommence to accrue remuneration (in accordance with Condition 17) from the Remuneration Payment Date (the **Remuneration Recommencement Date**) immediately following the announcement of the Resolution described in Condition 12(7)(i) and an amount equal to the Additional EDD Remuneration Amount shall be payable on such Remuneration Recommencement Date.

(8) **Settlement following a Merger Event**

If "Settlement following a Merger Event" is specified as applicable in the relevant Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Securityholders in accordance with Condition 7, and exercise all but not some only of the Credit Linked Certificates and pay a cash amount to each Securityholder in respect of each Certificate. Such amount shall be the fair market value of the Certificates, all as determined by the Calculation Agent in good faith and in accordance with the reasonable market practice, including reference to the determinations made in case of payments on early termination upon occurrence of an additional disruption event according to ISDA 2002 Master Agreement.

(9) **Credit Event Notice after Restructuring Credit Event**

If Credit Event Notice after Restructuring Credit Event is specified as applicable in the relevant Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring with respect to a Series for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the relevant Final Terms:

- (a) the Calculation Agent may deliver multiple Credit Event Notices in respect of such Restructuring, each such Credit Event Notice setting forth an amount (the "**Partial Settlement Amount**") that may be less than the aggregate Notional Amount of the Certificates outstanding immediately prior to the delivery of such Credit Event Notice. In such circumstances the Terms and Conditions shall be deemed to apply to the Partial Settlement Amount only and each such Certificate shall be exercised in part (such exercised part being equal to the Partial Redemption Amount);
- (b) for the avoidance of doubt (A) the Notional Amount of each Certificate not so exercised in part shall remain outstanding and remuneration shall accrue on such Notional Amount outstanding, (B) the Terms and Conditions and related provisions shall apply to such Notional Amount outstanding in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of



the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable to Securityholders under the relevant Series, the Calculation Agent will determine (x) such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Condition 9(b) and (y) the effective date of such adjustment(s); and

(c) if the provisions of this Condition 9(b) apply, on exercise of part of each such Certificate the relevant Security or, if the Certificates are represented by a Global Certificate, such Global Certificate, shall be endorsed to reflect such part redemption.

**(10) Provisions relating to Multiple Holder Obligation**

If "Provisions relating to Multiple Holder Obligation" is specified as Applicable in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**Multiple Holder Obligation** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event; provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii).

**(11) Calculation Agent and Calculation Agent Notices**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Condition 12(11) shall (in the absence of manifest error) be final and binding on the Issuer and the Securityholders. Whenever the Calculation Agent is required to make any determination it may, inter alia, decide issues of construction and legal interpretation. In performing its duties pursuant to the Credit Linked Certificates, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Linked Certificates including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

**(12) Adherence to ISDA Protocols in relation to alternative settlement or valuation method**

In the event that a protocol setting out an alternative settlement or valuation method is published by the International Swaps and Derivatives Association (a Protocol) in relation to a Reference Entity, the Calculation Agent may in its sole discretion determine whether or not to follow some or all of the terms of such Protocol for purposes of this Condition 12.

Notwithstanding any other provisions in this Condition 12, in the event that the Calculation Agent decides to adhere to a Protocol, the Calculation Agent may adjust such terms of this Condition 12 as it deems appropriate to reflect some or all of the relevant settlement, valuation

and other provisions of the Protocol. Nothing in this Condition 12(12) should be taken as requiring the Calculation Agent to follow the terms of the Protocol.

### 13. Adjustments for European Monetary Union

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with Condition 7:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in euro;

The election will have effect as follows:

- (a) where the Settlement Currency of the Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
  - (b) where the Exchange Rate and/or any other terms of these Conditions (as completed by the applicable Final Terms) are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the **Original Currency**) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, euro at the Established Rate; and
  - (c) such other changes shall be made to these Conditions (as completed by the applicable Final Terms) as the Issuer may decide, in its sole and absolute discretion to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Exercise Price and/or the Settlement Price and/or any other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent, in its sole and absolute discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Exercise Price and/or the Settlement Price and/or such other terms of these Conditions and/or the applicable Final Terms).

Notwithstanding the foregoing, none of the Issuer, any of its Affiliates, the Calculation Agent or any of the Security Agents shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

**Adjustment Date** means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**Established Rate** means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to first sentence of Article 1091(4) of the Treaty;

**euro** means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

**National Currency Unit** means the unit of the currency of a country, as those units are defined on the date on which the country of the Original Currency first participates in European Economic and Monetary Union; and

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

#### **14. Contracts (Rights of Third Parties) Act 1999**

Subject as provided in the Agency Agreement, the Securities do not confer on any third party any rights under the Contracts (Rights of Third Parties) Act 1999 (the **Act**) to enforce any term of the Securities, but this does not affect any right or remedy of a third party which exists or is available apart from the Act.

#### **15. Exercise of Certificates**

##### *(A) Exercise Date*

Each Certificate shall be automatically exercised on the Exercise Date.

In respect of Certificates listed on stock exchanges other than the Irish Stock Exchange, prior to the Renouncement Notice Cut-off Time indicated in the relevant Final Terms, the Securityholder may be entitled, if so provided by the relevant rules of such other stock exchange, to renounce any Automatic Exercise of such Certificate by the delivery or sending by authenticated swift message (confirmed in writing) of a duly completed Renouncement Notice to the relevant Clearing System, with a copy to the Principal Security Agent and the Issuer, in compliance with the laws and regulation, including the regulations of such other stock exchange, applicable from time to time. If a duly completed Renouncement Notice is delivered or sent in compliance with the above, the relevant Security Holder will not be entitled to receive any amounts payable by the Issuer in respect of the relevant Certificates listed on other exchanges and the Issuer shall have no further liabilities in respect of such amounts.

Once delivered a Renouncement Notice shall be irrevocable. Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by the relevant Clearing System in consultation with the Principal Security Agent and shall be conclusive and binding on the Issuer, the Security Agents, the Calculation Agent and the relevant Securityholder. Subject as set out below, any Renouncement Notice so determined to be incomplete or not in proper form or which is not duly delivered shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of the relevant Clearing System, in consultation with the Issuer and the Principal Security Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered to the relevant Clearing System and copied to the Issuer and the Principal Security Agent.

##### *(B) Cash Settlement*

If the Certificates (**Cash Settled Certificates**) are Cash Settled Securities, each such Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount, less any Expenses not already paid.

## **16. Settlement**

### **(A) *Settlement provisions for Certificates***

Subject as provided in this Condition 16, the Issuer shall pay or cause to be paid the Cash Amount (if any) for each Certificate by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the Settlement Date, less any Expenses not already paid, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA.

### **(B) *Settlement provisions for Definitive Certificates***

In the event that any Definitive Certificates have been issued prior to the Exercise Date, the Issuer shall, on or prior to the Exercise Date, notify Securityholders in accordance with Condition 7 of the procedure to be followed in order to receive any Cash Settlement Amount that may be payable upon exercise of the Certificates.

### **(C) *Exercise Risk***

Exercise of the Certificates is subject to all applicable laws, regulations and practices in force on the Exercise Date and none of the Issuer, any of its Affiliates, the Security Agents and the Calculation Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, any of its Affiliates, the Security Agents and the Calculation Agent shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Certificates.

## **17. Remuneration**

### **(A) *Remuneration Amount***

If so specified in the applicable Final Terms, each Certificate pays remuneration from and including the Issue Date payable in arrear on each Remuneration Payment Date. The amount of remuneration payable in respect of each Certificate on each Remuneration Payment Date will amount to the Remuneration Amount, which shall be determined in respect to the Remuneration Period by the Calculation Agent according to one of the following methods, which will be specified in the applicable Final Terms:

- (i) fixed amount(s) predetermined by Issuer at or before the Issue Date,
- (ii) by applying a fixed rate to the Notional Amount;
- (iii) by applying a floating rate to the Notional Amount; or
- (iv) by applying a combination of (i), (ii) and (iii) above, i.e. a different method for each Remuneration Period, as specified in the applicable Final Terms.

If remuneration is required to be calculated for a period ending other than on (but excluding) a Remuneration Payment Date, it will be calculated as specified in the applicable Final Terms.

(B) *Predetermined Remuneration Amount*

Each Certificate pays Remuneration from and including the Issue Date on each Remuneration Payment Date in an amount (expressed in the Settlement Currency) set out by the Issuer in relation to each such Certificate at or before the Issue Date, as specified in the relevant Final Terms.

(C) *Remuneration at fixed rate*

Each Certificate pays Remuneration from and including the Issue Date on each Remuneration Payment Date at a rate equal to the Rate(s) of Remuneration specified in the relevant Final Terms. Remuneration will be payable in arrear on each Remuneration Period that is specified in the applicable Final Terms.

If the Securities are in definitive form, except as provided in the applicable Final Terms, the amount of Remuneration payable on each Remuneration Payment Date in respect of the Remuneration Period ending on (but excluding) such date will amount to the Fixed Remuneration Amount.

Except in the case of Security in definitive form where an applicable Fixed Remuneration Amount is specified in the applicable Final Terms, remuneration shall be calculated in respect of any period by applying the Rate of Remuneration to:

- (i) in the case of Securities which are represented by a Global Security, the aggregate outstanding nominal amount of the Securities represented by such Global Security; or
- (ii) in the case of Securities which are represented by Definitive Securities, the Notional 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.

(D) *Remuneration at floating rate*

(i) Remuneration Payment Dates

The period for the calculation of the remuneration at floating rate starts from (and including) the Issue Date and such interest will be payable in arrear on either:

- (a) the Specified Remuneration Payment Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Remuneration Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Remuneration Payment Date, a Remuneration Payment Date) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Remuneration Payment Date or, in the case of the first Remuneration Payment Date, after the Issue Date.

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

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

1. in any case where Specified Periods are specified in accordance with Condition 17(C)(i)(b) above, the Floating Rate Convention, such Remuneration Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Remuneration Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Remuneration Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Remuneration Payment Date occurred; or
2. the Following Business Day Convention, such Remuneration Payment Date shall be postponed to the next day which is a Business Day; or
3. the Modified Following Business Day Convention, such Remuneration 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 Remuneration Payment Date shall be brought forward to the immediately preceding Business Day; or
4. the Preceding Business Day Convention, such Remuneration Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) Rate of Remuneration

The Rate of Remuneration payable from time to time in respect of a Security with floating rate remuneration will be determined in the manner specified in the applicable Final Terms, and will consist of the elected Reference Rate which may also include a Margin, in accordance with the provisions below.

*(a) ISDA Determination for Securities with floating rate remuneration*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Remuneration is to be determined, the Rate of Remuneration for each Remuneration Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub paragraph (a), **ISDA Rate** for a Remuneration Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation 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 Securities (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 either (i) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Remuneration Period or (ii) in any other case, 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.

*(b) Screen Rate Determination for Securities with floating rate remuneration*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Remuneration is to be determined, the Rate of Remuneration for each Remuneration 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 Remuneration Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. 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 Calculation 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 (ii)(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 Remuneration, the Calculation 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 Calculation Agent or as specified in the applicable Final Terms, to provide the Calculation 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 Remuneration Determination Date.

(iii) Minimum Rate of Remuneration and/or Maximum Rate of Remuneration

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

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

(iv) Determination of Rate of Remuneration and calculation of Remuneration Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Remuneration is to be determined, determine the Rate of Remuneration for the relevant Remuneration Period.

The Calculation Agent will calculate the Remuneration Amount payable for the relevant Remuneration Period by applying the Rate of Remuneration to:

- (a) in the case of Securities with floating rate remuneration, which are represented by a Global Security, the aggregate outstanding nominal amount of the Securities represented by such Global Security; or
- (b) in the case of Securities with floating rate remuneration which are represented by Definitive Securities, the Notional 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.

(v) Notification of Rate of Remuneration and Remuneration Amounts

The Agent will cause the Rate of Remuneration and each Remuneration Amount for each Remuneration Period and the relevant Remuneration Payment Date to be notified to the Issuer and any stock exchange on which the relevant Securities with floating rate remuneration are for the time being listed and notice thereof to be published in accordance with Condition 7 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Remuneration Amount and Remuneration 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 Remuneration Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Securities with floating rate remuneration, are for the time being listed and to the Securityholders in accordance with Condition 7.

(vi) 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 17(D)(ii), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Agents and all Securityholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Securityholders, shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

(E) *Combination of (B)(C) and (D) above*

Each Certificate pays Remuneration calculated in a manner that varies according to the Remuneration Period. In particular, the Issuer establishes at or before the Issue Date the different calculation method that applies in each Remuneration Period and the selected methods are specified in the applicable Final Terms. (

The Issuer may elect to apply in each Remuneration Period one of the methods described above under (B) *Predetermined Remuneration Amount*, (C) *Remuneration at fixed rate* and (D) *Remuneration at floating rate* and the relevant provisions set out above shall be intended to be applicable in respect to each Remuneration Period.



(F) *Accrual of Remuneration*

Each Certificate will cease to accrue remuneration from and including the Settlement Date or, if earlier, the date on which the Certificates are cancelled (the **Cancellation Date**), if applicable, in accordance with these Conditions unless payment of the amount due on the Settlement Date or Cancellation Date, as the case may be, is improperly withheld or refused or unless default is otherwise made in respect of the payment in which case additional remuneration shall accrue from the date such amount was due until such amount is paid, provided that, if:

- (a) **Accrual of Remuneration upon Credit Event** is specified as Not Applicable in the applicable Final Terms, each Credit Linked Certificate shall cease to bear remuneration from the Remuneration Payment Date immediately preceding the Event Determination Date, or if the Event Determination Date is an Remuneration Payment Date such Remuneration Payment Date or, if the Credit Event Determination Date falls prior to the first Remuneration Payment Date, no remuneration shall accrue on the Credit Linked Certificates; or
- (b) **Accrual of Remuneration upon Credit Event** is specified as being Applicable in the applicable Final Terms, each Credit Linked Certificate shall cease to bear remuneration from the Event Determination Date.

(G) *Payment of Remuneration Amount*

Where the Certificates pay remuneration, subject as provided below, the Issuer shall pay or cause to be paid the Remuneration Amount for each Certificate in respect of each Remuneration Payment Date by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the relevant Remuneration Payment Date, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg as the case may be. Payments will be made only outside the United States and its possessions.

The Issuer will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the case may be, as the holder of a particular amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each such payment so made to, or to the order of, Euroclear or Clearstream, Luxembourg as the case may be.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA.

(H) *Definitions*

"**Day Count Fraction**" means:

- (i) if "**30/360 (Floating)**" or "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Remuneration 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Remuneration Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Remuneration Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Remuneration Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Remuneration Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Remuneration Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Remuneration Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

- (ii) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Remuneration 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Remuneration Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Remuneration Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Remuneration Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Remuneration Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Remuneration Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Remuneration Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

- (iii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Remuneration 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Remuneration Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Remuneration Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Remuneration Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Remuneration Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Remuneration Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Remuneration Period, unless (i) that day is the last day of February but not the Settlement Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Remuneration Period divided by 360.
- (v) if "**Actual/Actual (ISDA)**" is specified in the applicable Final Terms, the actual number of days in the Remuneration Period divided by 365 (or, if any portion of that Remuneration Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Remuneration Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Remuneration Period falling in a non-leap year divided by 365).
- (vi) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Remuneration Period divided by 365.

"**Margin(s)**" means the value which applies in case of Remuneration at a floating rate, as specified in the relevant Final Terms.

"**Rate of Remuneration**" means the rate of remuneration payable from time to time in respect to the Certificates, which can be fixed or floating and is set out in the Final Terms in accordance with this Condition 17.

"**Remuneration Amount**" means, the amount of remuneration payable in respect of each Certificate on each Remuneration Payment Date as described in this Condition 17.

"**Remuneration Commencement Date**" means Issue Date or such other date as may be specified in the relevant Final Terms.

"**Remuneration Payment Date(s)**" means the date(s) specified in the applicable Final Terms.

"**Remuneration Period**" means the period commencing on (and including) the Issue Date to (but excluding) the first Remuneration Payment Date and each period commencing on (and including) a Remuneration Payment Date to (but excluding) the next following Remuneration Payment Date.

"**Specified Remuneration Period**" means the period specified in the applicable Final Terms.

"**Specified Remuneration Payment Date(s)**" means the date(s) specified in the applicable Final Terms.

## **USE OF PROCEEDS**

The Issuer intends to use the net proceeds from each issue of Certificates for general corporate purposes, including making a profit. A substantial portion of the proceeds may be used to hedge market risks with respect to the Certificates. If in respect of any particular issue of Certificates, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF THE ISSUER

### History of the Issuer

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

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

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

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

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

### Legal and Commercial Name of the Issuer

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

### Place of Registration and Registration Number of the Issuer

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

### Date of Establishment and Duration of the Issuer

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

### Legal Status, Registered office and Share Capital of the Issuer

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

respect of any disputes. The Issuer, both as a bank and as a member of the Intesa Sanpaolo banking group, is subject to the Bank of Italy's prudential supervision. The Issuer is a company belonging to the Intesa Sanpaolo Group, of which Intesa Sanpaolo S.p.A. is the parent company, and is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A.

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

At 31 December 2011, 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 undivided. Each ordinary share carries the right 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**

Reconta Ernst & Young S.p.A., with registered office at Via G.D. Romagnosi 18/A, 00196 Rome, acted as independent auditors for the annual and half-yearly non-consolidated financial statements of the Issuer for each financial year in the period 2007-2011. Reconta Ernst & Young S.p.A. also acted as independent auditors for the annual and half-yearly consolidated financial statements of the Issuer for each financial year in the period 2009-2011, starting from the consolidated financial statements for the financial year ending 31 December 2009 (which were the first annual consolidated financial statements prepared by the Issuer).

Reconta Ernst & Young S.p.A. has also performed a limited review on the consolidated and non consolidated half-yearly financial statements of the Issuer in accordance with CONSOB Regulation No. 10867 of 31 July 1997.

The Reconta Ernst & Young S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2007, 31 December 2008, 31 December 2009, 31 December 2010 and 31 December 2011 and on the Issuer's consolidated financial statements for the financial years ending 31 December 2009, 31 December 2010 and 31 December 2011 were issued without qualification or reservation.

The Reconta Ernst & Young S.p.A.'s limited review reports on the Issuer's unconsolidated half-yearly financial statements for the six months ending 30 June 2008 and 30 June 2009, which were the last unconsolidated half-yearly financial statements prepared by the Issuer, and on the Issuer's consolidated half-yearly financial statements for the for the six months ending 30 June 2010 (which were the first consolidated half-yearly financial statements prepared by the Issuer) and 30 June 2011 were issued without qualification or reservation.

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 2012 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2012 were issued without qualification or reservation.

The KPMG S.p.A.'s limited review report on the Issuer's consolidated half-yearly financial statements for the six months ending 30 June 2012 was issued without qualification or reservation.

## OVERVIEW OF ACTIVITIES

### Description of the Issuer's main activities activities

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

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

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

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

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

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

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

## ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### Board of Directors

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

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

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

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Fabio Roversi Monaco Chairman	Chairman of SINLOC S.p.A. Chairman of Mandarin Capital Management SGR Chairman of Telecom Italia Media
Giangiacomo Nardozzi Tonielli	Professor of Economics at the Politecnico of Milan

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Deputy Chairman	
Gaetano Miccichè Managing Director and Chief Executive Officer	<p>Managing Director of Intesa Sanpaolo S.p.A</p> <p>Member of the Board of Directors of Prada S.p.A.</p> <p>Member of the Board of Directors of Telecom Italia S.p.A.</p> <p>Member of the Board of Directors of Alitalia – Compagnia Aerea Italiana S.p.A.</p>
Massimo Mattera Board Member	<p>Member of the Board of Directors of Cassa di Risparmio di Civitavecchia</p> <p>Member of the Board of Directors of Cassa di Risparmio della Provincia di Viterbo</p>
Vincenzo De Stasio Board Member	Professor at the University, Faculty of Law of Bergamo
Giuliano Asperti Board Member	Chairman of PM Group
Luigi Arturo Bianchi Board Member	Professor of Company Law at the Bocconi University, Milan
Carlo Messina Board Member	Deputy General Director of Intesa Sanpaolo S.p.A.
Aureliano Benedetti Board Member	
Paolo Grandi Board Member	<p>Chairman of Banca Prossima S.p.A.</p> <p>Member of the Board of Directors of Cassa di Risparmio di Firenze S.p.A.</p> <p>Member of the Board of Directors of Intesa Sanpaolo Vita S.p.A.</p> <p>Member of the Board of Directors of Eurizon Capital SGR</p> <p>Member of the Board of Directors of SIA S.p.A.</p>



NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Fabio Buttignon Board Member	<p>Member of the Board of Directors of Intesa Sanpaolo Holding International S.p.A.</p> <p>Member of the Board of Directors of Valentino Fashion Group S.p.A.</p> <p>Member of the Board of Directors of Autostrade Brescia Verona Vicenza Padova</p> <p>Member of the Board of Directors of Serenissima Partecipazioni S.p.A.</p> <p>Professor at the University, Marco Fanno, Padova</p>

The Board of Directors was appointed by the shareholders' meeting held on 17 April 2013 for a term lasting until approval of financial statements as at 31 December 2015.

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

No Executive Committee has been appointed.

#### **Managing Director and Chief Executive Officer**

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

#### **General Manager**

Andrea Munari, born in Treviso on 18 August 1962, has held the position of General Manager of the Issuer since 1 October 2007.

#### **Board of Statutory Auditors**

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

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

The 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	<p>Member of the Supervisory Board of parent company Intesa Sanpaolo S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of De' Longhi S.p.A.</p>

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

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

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

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

#### **LEGAL AND ARBITRATION PROCEEDINGS**

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

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

Banca IMI is involved in the following legal proceedings which could be material to the Issuer:

### ***Tax Litigation***

Italian tax authorities have made certain challenges in respect of tax years from 2003 to 2006, for an aggregate claimed amount (including fines and interest) of €70 million. Such requests have been duly objected by Banca IMI and relevant procedures are currently ongoing.

### ***Cirio Group Litigation***

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

- the arrangement of, and participation in, six bond issuances by companies belonging to the Cirio Group during the period from 2000 to 2002, which bond issuances were alleged to have increased the financial difficulties of the relevant issuers. Relevant damages were claimed, using three different criteria, for an amount of €2,082 million (on the basis of the first criterium), or the lower amount of €1,055 million (on the basis of the second criterium) or €421 million (on the basis of the third criterium);
- the loss of opportunity to bring bankruptcy claw-back actions, for undetermined amounts, as a result of the delay in the financial difficulties of the Cirio Group companies becoming known; and
- the payment of commissions in an aggregate amount of €9.8 million in relation to the placement activities rendered in respect of certain bond issuances.

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

Further to a judgment delivered on September 2009, the Court of Rome rejected the plaintiffs' claims and ordered the reimbursement of costs incurred, quantified at over € 4.1 million. The plaintiffs have appealed against this sentence, and both Intesa Sanpaolo and Banca IMI have appeared before the appeal court and have asked for the appeal to be thrown out. The appeal process is currently ongoing.

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

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

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

led to a significant decline in the market value of Schering's shares on the relevant stock exchanges, amounting to a decrease in the stock price of approximately 25 per cent..

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

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

On February 2013 claimants has agreed upon a consensual settlement of the class action against the payment approximately totalling US\$ 473 million to be paid exclusively by Merck & Co. (currently, Schering-Plough Corporation), excluding any economic obligations for the member of the underwriting syndicates, including Banca IMI, subject to the approval of the consensual settlement by the competent District Court.

### ***Lehman Brothers Holdings Inc. Litigation***

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

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

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

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

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

before the appeal court and have asked for the appeal to be thrown out and the appeal process is currently ongoing.

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

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

#### ***SARAS Litigation***

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

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

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

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

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

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

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

with a requested partial clawback of the mentioned SetOff between the credit positions of Banca IMI and Glitnir Banki hf.

The legal actions are currently pending before the courts of first instance.

#### **SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER**

The following table contains certain selected solvency and credit quality indicators relating to the Issuer on a non-consolidated basis as at 31 December 2012, compared to corresponding figures as at 31 December 2011.

	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(per cent.)</i>	
Tier 1 capital ratio	13.41	12.26
Core Tier 1	13.41	12.26
Total capital ratio	13.52	12.27
Gross non-performing loans/commitments	0.17	0.21
Net non-performing loans/commitments	0.04	0.05
Gross doubtful loans/commitments	2.06	1.64
Net doubtful loans/commitments	1.69	1.34
<b>Regulatory capital (in EUR millions)</b>		
Tier 1	2,789.1	2,541.5
Tier 2	21.9	2.3
Total capital	2,811.0	2,543.8

The following tables 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 2012, compared with corresponding figures for the financial year ending 31 December 2011.

#### ***Income Statement Figures***

	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>Percentage Variation</b>
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net interest income	560.9	549.9	2.0
Total income	1,462.4	1,165.9	25.4

	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>Percentage Variation</b>
	<i>(EUR million)</i>		<i>(per cent.)</i>
Operating expenses	349.4	317.1	10.2
Net financial income	1,352.5	1,111.2	21.7
Pre-tax profit from continuing operations	1.003.0	794.1	26.3
Profit for the year	641.0	512.1	25.2

***Balance Sheet Figures***

	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>Percentage variation</b>
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net investments	22,584.8	18,397.5	22.8
Net revenue	26,471.0	23,580.7	12.3
Indirect revenue	0.0	0.0	0.0
Financial assets	75,938.7	66,329.3	14.5
Total assets	151,428.8	138,652.3	9.2
Net equity	3,382.3	2,705.2	25.0
Share Capital	962.5	962.5	0.0

The following table contains certain selected solvency and credit quality indicators relating to the Issuer on a consolidated basis as at 31 December 2012, compared to corresponding figures as at 31 December 2011<sup>1</sup>.

	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(per cent.)</i>	
Tier 1 capital ratio	n/a	n/a
Core Tier 1	n/a	n/a
Total capital ratio	n/a	n/a
Gross non-performing loans/commitments	0.17	0.21
Net non-performing loans/commitments	0.04	0.05

<sup>1</sup> Banca IMI is not the Parent Company of a Banking Group, accordingly balance sheet figures and risks connected to prudential supervision on a consolidated basis are not included.

	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(per cent.)</i>	
Gross doubtful loans/commitments	2.05	1.63
Net doubtful loans/commitments	1.69	1.33
Regulatory capital	n/a	n/a

The following tables 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 2012, compared with corresponding figures for the financial year ending 31 December 2011.

### **Income Statement Figures**

	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>Percentage variation</b>
	<i>(EUR million)</i>		<i>(per cent)</i>
Net interest income	567.1	562.7	0.8
Total income	1,475.4	1,180.5	25.0
Operating expenses	362.2	327.0	10.8
Net financial income	1,364.9	1,130.5	20.7
Pre-tax profit from continuing operations	1,007.1	805.2	25.1
Profit for the year	642.5	516.5	24.4

### **Balance Sheet Figures**

	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>Percentage variation</b>
	<i>(EUR million)</i>		<i>(per cent)</i>
Net investments	22,653.2	18,508.6	22.4
Net revenue	26,435.7	23,583.3	12.1
Indirect revenue	0.0	0.0	0.0
Financial assets	75,973.7	66,368.2	14.5
Total assets	151,792.5	139,229.7	9.0
Net equity	3,477.1	2,800.2	24.2
Share Capital	962.5	962.5	0.0



## RECENT EVENTS

On May 13, 2013 the Board of Directors of Banca IMI approved the interim financial statements as at March 31, 2013. Such interim financial statements are neither audited nor reviewed by the independent accountants.

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

	31 March 2013	31 December 2012
	<i>(per cent.)</i>	
Tier 1 capital ratio	12.60	13.41
Core Tier 1	12.60	13.41
Total capital ratio	12.60	13.52
<b>Regulatory capital (in EUR millions)</b>		
Tier 1	2,739.8	2,789.1
Tier 2	-	21.9
Total capital	2,739.8	2,811.0

The following tables contain certain selected income statement and balance sheet figures on a non-consolidated basis extracted from the Issuer's interim financial statements for the three month period ending 31 March 2013, compared with corresponding figures for the financial year ending 31 December 2012 (as to the balance sheet figures) or with the three month period ending 31 March 2012 (as to income statement figures).

### *Income Statement Figures*

	31 March 2013	31 March 2012	Percentage Variation
	<i>(EUR thousand)</i>		<i>(per cent.)</i>
Net interest income	129,644.6	165,687.0	-21.8
Total income	369,877.0	470,631.5	-21.4
Operating expenses	89,164.9	88,618.4	0.6
Net financial income	320,573.7	435,715.5	-29.3
Pre-tax profit from continuing operations	231,408.8	365,097.0	-36.6
Profit for the period	146,408.8	233,097.0	-37.2

### ***Balance Sheet Figures***

	<b>31 March 2013</b>	<b>31 December 2012</b>	<b>Percentage variation</b>
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net investments	24,018.9	22,584.8	6.3
Net revenue	26,839.5	26,471.0	1.4
Indirect revenue	0.0	0.0	0.0
Financial assets	72,172.1	75,938.7	-5.0
Total assets	150,795.9	151,428.8	-0.4
Net equity	3,512.4	3,382.3	3.8
Share Capital	962.5	962.5	0.0

The following tables contain certain selected income statement and balance sheet figures on a consolidated basis extracted from the Issuer's interim financial statements for the three month period ending 31 March 2013, compared with corresponding figures for the financial year ending 31 December 2012 (as to the balance sheet figures) or with the three month period ending 31 March 2012 (as to income statement figures).

### **Income Statement Figures**

	<b>31 March 2013</b>	<b>31 March 2012</b>	<b>Percentage variation</b>
	<i>(EUR thousand)</i>		<i>(per cent)</i>
Net interest income	130,579	168,109	-22.3
Total income	371,774	475,365	-21.8
Operating expenses	92,410	91,351	1.2
Net financial income	322,471	458,449	-29.7
Pre-tax profit from continuing operations	230,919	367,936	-37.2
Profit for the period	145,036	235,090	-38.3

### ***Balance Sheet Figures***

	<b>31 March 2013</b>	<b>31 December 2012</b>	<b>Percentage variation</b>
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	<i>(EUR million)</i>		<i>(per cent)</i>
Net investments	24,079.1	22,653.2	6.3
Net revenue	26,800.6	26,435.7	1.4
Indirect revenue	0.0	0.0	0.0
Financial assets	72,211.9	75,973.7	-5.0
Total assets	151,489.8	151,792.5	-0.2
Net equity	3,604.0	3,477.1	3.6
Share Capital	962.5	962.5	0.0

Such information is not indicative of the Issuer's future performance. There is no guarantee that any future negative performance by the Issuer will not adversely affect the regular provision of investment services by the Issuer or the Issuer's ability to perform its payment obligations on any contractual due dates.

## **OVERVIEW OF THE FINANCIAL INFORMATION**

### **Audited Consolidated Annual Financial Statements**

The annual financial information below as at and for the years ended 31 December 2012 and 31 December 2011 has been derived from the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012 (the **2012 Annual Financial Statements**) that include comparative figures as at and for the year ended 31 December 2011. The 2012 Annual Financial Statements have been audited by KPMG S.p.A., auditors to Banca IMI S.p.A., who issued their audit report on 16 March 2013.

### **Incorporation by Reference**

The annual financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned annual financial statements, together with the accompanying notes and auditors' reports.

### **Accounting Principles**

The annual and half-yearly financial statements of the Issuer have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002. The half-yearly financial statements of the Issuer have been prepared in compliance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

## **CONSOLIDATED ANNUAL BALANCE SHEET**

The annual financial information below includes comparative figures as at and for the years ended 31 December 2012 and 31 December 2011.

<b>Assets</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(EUR thousand)</i>	
Cash and cash equivalents	3	3
Financial assets held for trading	69,259,238	59,622,811
Available-for-sale financial assets	6,714,432	6,745,435
Due from banks	56,403,295	56,635,055
Loans to customers	17,398,110	14,012,386
Hedging derivatives	1,091,276	988,621
Equity investments	13,535	10,070
Property and equipment	751	752
Intangible assets	194,183	194,216
of which:		
- goodwill	194,070	194,070
Tax assets	294,160	541,901
a) current	101,558	217,507
b) deferred	192,602	324,394
Other assets	423,522	467,732
<b>Total Assets</b>	<b>151,792,505</b>	<b>139, 218,982</b>

#### CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2012 and 31 December 2011.

<b>Liabilities and Equity</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(EUR thousand)</i>	
Due to banks	42,471,641	42,145,742
Due to customers	7,602,384	4,479,861
Securities issued	32,764,994	32,907,923
Financial liabilities held for trading	64,004,171	54,717,953
Financial liabilities at fair value through profit and loss		684,942
Hedging derivatives	674,160	680,992
Tax liabilities	392,734	318,490
a) current	366,462	315,905

**Liabilities and Equity**

	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2012</b>	<b>2011</b>
	<i>(EUR thousand)</i>	
<i>b) deferred</i>	26,272	2,585
Other liabilities	372,892	458,523
Post-employment benefits	8,727	7,930
Provisions for risks and charges	23,680	16,423
<i>a) pensions and similar obligations</i>	12	12
<i>b) other provisions</i>	23,668	16,411
Fair value reserves	(105,866)	(392,234)
Reserves	1,396,770	1,132,179
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	642,494	516,534
<b>Total Liabilities and Equity</b>	<b>151,792,505</b>	<b>139,218,982</b>

**CONSOLIDATED ANNUAL INCOME STATEMENT**

The annual financial information below includes comparative figures as at and for the years ended 31 December 2012 and 31 December 2011.

	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2012</b>	<b>2011</b>
	<i>(EUR thousand)</i>	
Interest and similar income	2,382,980	2,190,204
Interest and similar expense	(1,815,889)	(1,627,472)
<b>Net interest income</b>	<b>567,091</b>	<b>562,732</b>
Fee and commission income	399,258	343,313
Fee and commission expense	(178,332)	(84,906)
<b>Net fee and commission income</b>	<b>220,926</b>	<b>258,407</b>
Dividends and similar income	334,347	367,932
Profits (Losses) on trading	246,636	(57,335)
Profit (Losses) on hedging	17,467	2,818
Profits (Losses) on disposal or repurchase of:	114,034	45,059
<i>a) loans and receivables</i>	3,499	9,551
<i>b) available-for-sale financial assets</i>	123,954	29,053

	<b>31</b> <b>December</b> <b>2012</b>	<b>31</b> <b>December</b> <b>2011</b>
	<i>(EUR thousand)</i>	
<i>c) held-to-maturity investments</i>	-	-
<i>d) financial liabilities</i>	(13,419)	6,455
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	(25,062)	883
<b>Total income</b>	<b>1,475,439</b>	<b>1,180,496</b>
Impairment losses/reversal of impairment losses on:	(110,549)	(50,013)
<i>a) loans and receivables</i>	(105,228)	(29,648)
<i>b) available-for-sale financial assets</i>	-	-
<i>c) held-to-maturity investments</i>	-	-
<i>d) other financial assets</i>	(5,321)	(20,365)
<b>Net financial income</b>	<b>1,364,890</b>	<b>1,130,483</b>
<b>Net banking and insurance income</b>	<b>1,364,890</b>	<b>1,130,483</b>
Administrative expenses	(350,581)	(315,745)
<i>a) personnel expenses</i>	(131,760)	(112,264)
<i>b) other administrative expenses</i>	(218,821)	(203,481)
Net accruals to provision for risks and charges	(16,000)	(14,300)
Depreciation and net impairment losses on property and equipment	(358)	(403)
Amortisation and net impairment losses on intangible assets	(31)	(42)
Other operating income (expenses)	4,771	3,451
<b>Operating expenses</b>	<b>(362,199)</b>	<b>(327,039)</b>
Net gains on sales of equity investments	4,396	1,704
<b>Pre-tax profit from continuing operations</b>	<b>1,007,087</b>	<b>805,148</b>
Income tax expense	(364,593)	(288,614)
<b>Post-tax profit from continuing operations</b>	<b>642,494</b>	<b>516,534</b>
<b>Profit for the year</b>	<b>642,494</b>	<b>516,534</b>
Profit (loss) attributable to non-controlling interests	-	-
<b>Profit attributable to the owners of the parent</b>	<b>642,494</b>	<b>516,534</b>

## OFFERING AND SALE

The Certificates may be offered to retail clients, professional clients and other eligible counterparties. No action has been or will be taken by the Issuer that would permit a public offering of any Certificates or possession or distribution of any offering material in relation to any Certificates in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Certificates, or distribution of any offering material relating to any Certificates, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

### United States

No Securities of any series have been, or will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or under any state securities laws and trading in the Securities has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. The Securities are only being offered and sold pursuant to the registration exemption provided by Regulation S under the Securities Act. No Securities of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the states therein and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the **United States**) or directly or indirectly offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered to, or for the account or benefit of, any "U.S. person" as such term is defined in Regulation S under the Securities Act. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each Manager of an issue of Securities will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Securities of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Manager of an issue of Securities will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Securities at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any "directed selling efforts" (as defined in Regulation S of the Securities Act) with respect to the Securities and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Any person purchasing Securities of any series must agree with the Manager or the seller of such Securities that (i) it is not a U.S. person and it is not located in the United States and was not solicited to purchase the Securities while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any, U.S. person, (iii) it is not purchasing any Securities of such series for the account or benefit of any U.S. person and (iv) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of Securities will also be required to agree, and any person purchasing Securities of any series must agree, to send each person who purchases any Securities of such series from it at or prior to confirmation of sale of any Securities, a written confirmation (which shall include the definitions of "United States" and "U.S. persons" set forth herein) stating that the Securities have not been registered under the Securities Act or any state securities laws, and trading in the Securities has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended, and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade,

pledge, exercise, redeem, transfer or deliver Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

The Securities are also subject to U.S. tax law requirements and, except in certain transactions permitted by U.S. Treasury regulations, may not be offered, sold or delivered within the United States or its possessions or to United States persons. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

### **US Tax Selling Restrictions**

Securities that are treated as bearer debt for U.S. federal tax purposes and constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA 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 compliance with (i) US Treas. Reg. §1.163- 5(c)(2)(i)(D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the “**D Rules**”), or (ii) US Treas. Reg. §1.163- 5(c)(2)(i)(C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the “**C Rules**”).

With respect to TEFRA Notes issued in compliance with the D Rules, the Issuer and each Manager has represented and agreed that:

- (i) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the required restricted period it will not offer or sell such TEFRA Notes to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Global Securities that are TEFRA Notes that will be sold during the restricted period;
- (ii) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such TEFRA Notes are aware that such TEFRA Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);
- (iii) if it is a United States person, it is acquiring such TEFRA Notes for purposes of resale in connection with their original issuance, and if it retains such TEFRA Notes for its own account, it will do so in accordance with the requirements of the D Rules; and

with respect to each affiliate or distributor that acquires such TEFRA Notes from the Issuer or the Manager for purpose of offering or selling such TEFRA Notes during the restricted period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in paragraphs (i), (ii) and (iii) above on such affiliate’s or distributor’s behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Dealer the representations and agreements contained in such paragraphs.

With respect to TEFRA Notes issued in compliance with the C Rules, the Issuer and each Manager has represented and agreed that:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such TEFRA Notes within the United States or its possessions in connection with their original issuance; and
- (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its US office, if any, in the offer or sale of such TEFRA Notes.

Terms used in this section shall have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, (**Code**) and the US Treasury Regulations promulgated thereunder, including the C Rules and the D Rules.

The Hiring Incentives to Restore Employment Act of 2010 repealed the C Rules and D Rules for TEFRA Notes issued after 18 March 2012. However, in Notice 2012-20, the US Department of Treasury and the US Internal Revenue Service indicated that they intend to provide in regulations



that rules identical to the C Rules and D Rules will apply to non-US issuers of TEFRA Notes for purposes of establishing an exemption from the excise tax imposed by Section 4701 of the Code. (The amount of the excise tax is one per cent. of the principal amount of the obligation, multiplied by the number of calendar years until the obligation reaches maturity.) Consequently, TEFRA Notes issued in accordance with the C Rules or D Rules should continue to be treated as “foreign targeted obligations” that are exempt from the excise tax.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) the Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, such Securities may be offered to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Securities 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 Non-exempt 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 Non-exempt 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 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to the prior consent of the relevant Manager(s) nominated by the Issuer for any such offer having been obtained; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the publication by the Issuer or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or the supplementing by the Issuer or any Manager of a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Securities to the public** in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU..

## Republic of Italy

The offering of the Securities has not been registered and will not be registered with the Italian Financial Regulator (*Commissione Nazionale per le Società e la Borsa* or "**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Dealer will be required to represent and agree, that no Securities may be offered, sold, promoted, advertised or delivered, directly or indirectly, to the public in the Republic of Italy, nor may copies of this Base Prospectus, any Final Terms or any other document relating to the Securities be distributed, made available or advertised in the Republic of Italy, except:

- (1) if it is specified within the relevant Final Terms that a non-exempt offer may be made in the Republic of Italy, that each Dealer may offer, sell or deliver Securities or distribute copies of any prospectus relating to such Securities, provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB, and (ii) completed by final terms (if applicable) expressly contemplating such non-exempt offer, in an offer of financial products to the public in the period commencing on the date of approval of such prospectus, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the Italian Legislative Decree No. 58 of 24<sup>th</sup> February, 1998 as amended from time to time (the "**Italian Financial Services Act**") and CONSOB Regulation No. 11971 as amended from time to time ("**CONSOB Regulation No. 11971**"), until 12 months after the date of approval of such prospectus; or
- (2) to "**Qualified Investors**" (*Investitori Qualificati*) as defined pursuant to article 100, paragraph 1(a) of Italian Financial Services Act, and in article 34-ter, paragraph 1(b) of CONSOB Regulation No. 11971; or
- (3) in any other circumstances where an express applicable exemption from compliance with the restrictions on the offer of financial products to the public applies, as provided under the Italian Financial Services Act and/or CONSOB Regulation No. 11971 and any other applicable laws and regulations.

Any such offer, sale or delivery of the Securities or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Securities in the Republic of Italy under (1), (2) or (3) 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 Italian Financial Services Act, and CONSOB Regulation No. 16190 of 29<sup>th</sup> October, 2007 (each as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or any other Italian competent authority.

### ***Provisions relating to the secondary market in Republic of Italy***

Investors should also note that, in accordance with article 100-bis of the Italian Financial Services Act:

- (x) if any of the Securities have been initially placed pursuant to an exemption to publish a prospectus, the subsequent distribution of such Securities on the secondary market in Italy which is not carried out under an exemption pursuant to (2) or (3) must be made in compliance with the rules on offer of securities to the public provided under the Italian Financial Services Act and CONSOB Regulation No. 11971;
- (y) if any of the Securities which have been initially placed with Qualified Investors in Italy or abroad are then systematically resold to non-Qualified Investors at any time in the 12 months following such placing, such resale would qualify as an offer of securities to the public if no exemption under (3) above applies. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been

published, purchasers of such Securities (who are acting outside of the course of their business or profession) may be entitled to obtain that the resale is declared null and void and the authorised entities ("*soggetti abilitati*" as defined in the Italian Financial Services Act) transferring the Securities may be held liable for any damages suffered by the purchasers; and

- (z) any intermediary subsequently reselling the Securities is entitled to rely upon the prospectus published by the issuer or the person responsible for drawing up a prospectus as long as this is valid, duly supplemented in accordance with the Italian Financial Services Act and CONSOB Regulation No. 11971 and provided that the issuer or the person responsible for drawing up a prospectus gives its written consent to its use.

### **United Kingdom**

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**)) may only be communicated or caused to be communicated in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Securities which have a maturity of less than one year (i) will only be sold by a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) will not be offered or sold other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

All applicable provisions of the FSMA must be complied with in respect to anything done in relation to any Securities in, from or otherwise involving, the United Kingdom.

### **The Grand Duchy of Luxembourg**

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

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

### **Portuguese Republic**

Regarding any offer or sale of Securities in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, any Manager or any distributor of Securities will be required to agree that all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), any regulations issued by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) including its Regulation 2/2012 regarding information duties related with complex financial products and marketing of operations and insurances connected with investment funds (if applicable) and Commission Regulation (EC) No. 809/2004 as further amended implementing the Prospectus Directive will be complied with in respect of any placement or distribution of Securities, and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, prospected, invited to subscribe, gathered or solicited investment intentions, issued any promotional material, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, prospect, invite to subscribe, gather or solicit investment intentions, issue any promotional material, sell, re-sell, re-offer or deliver any Securities 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 a permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or any other relevant laws and regulations, qualify as a private placement of Securities only (*oferta particular*), in particular, if the Securities are offered only to qualified investors, or are offered only to less than 100 (one hundred) or more people who are non-qualified investors resident or established in Portugal; (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed, the Prospectus, or any other offering or promotional material relating to the Securities, to the public in Portugal. Furthermore, (a) if the Securities are subject to a private placement addressed exclusively to qualified investors as defined, from time to time, in the relevant provisions of the Portuguese Securities Code (*investidores qualificados*), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; and (b) private placements addressed by companies open to public investment (*sociedades abertas*) or by issuers of securities listed on a regulated market shall be notified to the CMVM for statistics purposes.

## **Germany**

The Securities may only be offered in Germany in compliance with the Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable German laws.

## **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:

(i) Offer to the public in France:

it has only made and will only make an offer of Securities to the public (*offre au public de titres financiers*) in France in the period beginning on the date of publication of a prospectus in relation to those Securities 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 12 months after the date of approval of the prospectus all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF;

(ii) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, Securities to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in

France, the prospectus or any other offering material relating to the Securities, 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 acting for their own account (*investisseurs qualifiés*), other than individuals, 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*.

## **The Netherlands**

### *- Offer to the public*

No offer of Securities 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) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "FMSA"); or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

provided that no such offer of Securities 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, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, 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**

The offering of the Securities has not been registered pursuant to the Belgian securities legislation and consequently, no Securities may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Securities be distributed in Belgium, except under the conditions set out below.

(i) Offer to the public in Belgium:

An offer of Securities to the public in Belgium can only be made provided that a prospectus in relation to those Securities is either approved by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/ Autorité des services et marchés financiers*) (the "FSMA") or, where appropriate, approved 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 Securities in Belgium, the Issuer or Manager shall not take any action or permit an offer of Securities to the public in Belgium, and, in particular, they will not make this prospectus or any other offering material relating to the Securities available to the public or cause it to be made available to the public. The Issuer or Manager will not use this prospectus or any other offering material relating to the Securities or cause it to be used in connection with any public offering for subscription of the Securities in Belgium, and it will not publicly issue, offer or sell the Securities in Belgium.

In accordance with Article 3 of the Prospectus Law, certain types of offers are not considered as offers to the public. This includes offers (i) to less than 100 natural or legal persons other than certain qualified investors (per Relevant Member State), (ii) to certain qualified investors only, (iii) to investors that are required to acquire Securities for a total consideration of EUR 50,000 or more (or its equivalent in foreign currencies) per investor and per separate offer, or (iv) of Securities with a nominal value of at least EUR 50,000 per Security. In case of a private placement, prospective acquirers shall only acquire Securities for their own account. In addition, the Securities shall not be offered or sold to any person qualifying as a consumer within the meaning of the Belgian law of 6 April 2010 on market practices and consumer protection, unless such offer or sale is made in compliance with this law and its implementing regulation.

The 2010 PD Amending Directive has not yet been formally implemented in Belgian law, even though the implementation deadline was 1 July 2012. In a Communication of 21 June 2012, the FSMA has made its policy known which is in effect since 1 July 2012, while awaiting the complete transposition of the 2010 PD Amending Directive into Belgian law. The FSMA considers the provisions of the 2010 PD Amending Directive to have "vertical direct effect". Combined with the principle of the primacy of the European Union legislation, this means that the provisions of the 2010 PD Amending Directive will be applied at the FSMA's initiative as from 1 July 2012, if that is in the best interest of the issuers.

## **Ireland**

Any offer, sale, placement or underwriting of, or any other action in connection with, any Securities in or involving Ireland must be in conformity with the following:

- (b) the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012 of Ireland, the provisions of the Companies Acts 1963 to 2012 of Ireland, including any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended) by the Central Bank of Ireland and the Central Bank Acts 1942 to 2011 of Ireland (as amended) and any codes of conduct made under Section 117(1) thereof;
- (c) the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (as amended) and any rules made by the Central Bank of Ireland pursuant thereto, including any rules issued under Section 34 of the Investments Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland; and
- (d) the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998.

## Spain

Neither the Securities 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 Securities 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 *Ley 24/1988, de 28 de julio, 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 30 bis 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 30 bis 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 numerals (ii) to (v) under the above paragraph, 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.

## Czech Republic

In relation to the Czech Republic, with effect from implementation of the Prospectus Directive in the Czech Republic (the **Relevant Implementation Date**), the Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto may not be offered to the public in the Czech Republic, except that it may be offered to the public in the Czech Republic:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to § 34(4)(g) and § 35(2) of Act No. 256/2004 Coll., on Carrying on Business in Capital Market, as amended (the **Czech Capital Market Act**) in the Czech Republic (a **Non-exempt Offer**), upon the satisfaction of the following conditions:



- (i) the publication in the Czech Republic of a prospectus in relation to such Securities, which prospectus has been approved by the Czech National Bank (the **CNB**), and additionally, where applicable, the publication in the Czech Republic of a supplemental prospectus approved by the CNB and/or in case that such approved prospectus is a base prospectus, the publication in the Czech Republic of the final terms completing such base prospectus, as well as the notification of such final terms to the CNB; or
- (ii) the publication in the Czech Republic of a prospectus and, where applicable, supplement prospectus in relation to such Securities, which prospectus and/or supplement prospectus have been approved by the Issuer's home or other competent EU Member State supervising authority, and in relation to which such supervising authority has provided the CNB with a certificate of approval, as well as with other documents pursuant to § 36f of the Czech Capital Market Act, and, in addition, in case that such approved prospectus is a base prospectus, the publication in the Czech Republic and, if applicable, in the Issuer's home or other EU Member State of the final terms completing such base prospectus, as well as the notification of such final terms to the CNB and, if applicable, the Issuer's home or other competent EU Member State supervising authority,

however only in the period beginning and ending on the dates specified in such prospectus, supplement prospectus or final terms, as applicable, provided that such period cannot terminate later than as at the termination of such prospectus' validity and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) if such offer is made exclusively to qualified investors as defined in § 34(3) of the Czech Capital Market Act;
- (c) if such offer is made to fewer than 150 persons (other than qualified investors as defined in § 34(3) of the Czech Capital Market Act) in Czech Republic, subject to the prior consent of the relevant Manager(s) nominated by the Issuer for any such offer been obtained;
- (d) if it is an offer of securities with lowest possible investment per investor equal to or greater than an amount corresponding to a limit in EUR determined by Government Decree No. 190/2011 Coll., on determination of limits of respective amounts in EUR with respect to regulation of public offer of investment securities, securities prospectus and information duty of an issuer of respective investment securities and other persons, as amended (the **Decree**);
- (e) if it is an offer of securities with a nominal value or price per unit amounting to at least an amount corresponding to a limit in EUR determined by the Decree; or
- (f) if it is an offer of securities with a total consideration lower than EUR 1,000,000; such consideration shall be calculated for securities offered during a period of 12 months in all EU Member States;

however only provided that: in relation to any offer of Securities referred to in (b) to (f) above, neither the Issuer nor any Manager will be obliged to proceed with any of the following actions: obtain the CNB's approval of a prospectus and/or a supplement prospectus; passport a prospectus and/or a supplement prospectus, already approved by the Issuer's home or other competent EU Member State supervising authority, into the Czech Republic; notify final terms to the CNB and, if applicable, to the Issuer's home or other competent EU Member State supervising authority or publish a prospectus (and, where applicable, the final terms) and/or a supplemental prospectus in the Czech Republic and, if applicable, in the Issuer's home or other EU Member State.

Each Manager has represented, warranted and undertaken, and each further Manager appointed under this Programme will be required to represent, warrant and undertake, that it has not taken and will not take any action: (i) for the due and lawful exercise of which the approval of, permit by or consent of, and/or an application to, registration with or notification to, the CNB or any other Czech or EU Member State authority in respect of the Securities would be required pursuant to applicable Czech laws, or which would lead to requirement of approval of, permit by, consent of, application to, registration with and/or notification to the

CNB or any other Czech or EU Member State authority in respect of the Securities pursuant to applicable Czech laws; except for action(s) consisting in the offer of the Securities in the Czech Republic under the conditions listed in paragraphs (a), (b), (c), (d), (e) or (f) above and in the immediately preceding paragraph, or except for action explicitly requested or in advance approved by the Issuer, (ii) which would lead to the issue of the Securities by the Issuer being qualified (considered) as "receiving deposits from the public" under Act No. 21/1992 Coll., on Banks, as amended (the **Czech Bank Act**), and/or (iii) which would or could lead to the Issuer being considered to be supporting/publicising activities prohibited by Act No. 189/2004 Coll., on Collective Investment, as amended (the **Czech Collective Investment Act**).

Each Manager has further represented, warranted and undertaken, and each further Manager appointed under the Programme will be required further to represent, warrant and undertake, that in relation to the Securities it has complied with and will comply with any and all applicable Czech laws, and, in particular, with the Czech Capital Market Act (including, among others, the regulation applicable to the provision of investment services in the Czech Republic), the Czech Collective Investment Act, the Czech Bank Act and the practice of the CNB or any other competent authority.

Any other person (i.e. other than the Issuer and Manager) that offers or intends to offer the Securities in the Czech Republic may only do so provided that (i) no obligation will arise for the Issuer and/or any Manager to prepare and/or publish any prospectus (and, if applicable, final terms) and/or a supplement prospectus, to obtain any approval of, permit by or consent of, and/or to proceed with an application to, registration with or notification to, the CNB or any other Czech or EU Member State authority in respect of the Securities pursuant to applicable Czech laws; (ii) such activity would not lead to the issue of the Securities by the Issuer being considered as "receiving deposits from the public" under Czech Bank Act; (iii) such activity would not lead to the Issuer being considered to be supporting/publicising activities prohibited by Czech Collective Investment Act; and (iv) any such person has complied with and will comply with any and all applicable Czech laws, and, in particular, with the Czech Capital Market Act (including, among others, regulations applicable to the provision of investment services in the Czech Republic), the Czech Collective Investment Act, the Czech Bank Act and the practice of the CNB or any other competent authority. In case of an offer for which a publication of a prospectus (and, if applicable, final terms) and/or a supplement prospectus is needed, such other person would need to prepare its own prospectus and/or supplement prospectus.

For the purposes of these provisions on Czech selling restrictions, the expression an **offer of Securities to the public** in relation to any Securities in the Czech Republic means any communication to a wider group of persons containing information about offered Securities and conditions for their acquisition, which information is sufficient so as to enable an investor to make a decision to purchase or subscribe for these Securities, and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Czech Republic), and includes any relevant implementing measure in the Czech Republic and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

## **Poland**

Poland is a Relevant Member State and the Securities may only be offered in Poland in cases described in the Public Offer Selling Restriction under the Prospectus Directive (above). Any offer of Securities to the public in Poland would require a prior notification to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and publication of the Base Prospectus in accordance with Polish regulations on public offering.

## **Hungary**

Should the Securities be offered in a public offer as defined in Act CXX of 2001 on the Capital Markets, or listed on a regulated market in Hungary, the applicable legal requirements provided by Act CXX of 2001 on the Capital Markets 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 Hungarian Financial Supervisory Authority, however, in the case where the Securities 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 Hungarian Financial Supervisory Authority that it has been prepared according to the Prospectus Directive. Each Manager has confirmed its awareness of the above.

If the Securities are offered in a private placement in Hungary, the Issuer must report such private placement to the Hungarian Financial Supervisory Authority within 15 days from the closing date of the private placement.

Each Manager has represented and agreed that if the Securities are offered in a private placement in Hungary, (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement; (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial or legal situation and its expected development, including that which was discussed in any personal consultation with an investor; and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

### **Slovak Republic**

The public offering of securities in the Slovak Republic is governed by the Act no. 566/2001 on Securities as amended (hereinafter referred to as "**Act on Securities**") and other applicable laws 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 2010 PD Amending Directive.

As a general rule, and unless stated otherwise in the Act on Securities, public offering of securities (*verejná ponuka cenných papierov*) is prohibited without the prior publication of prospectus approved by the National Bank of Slovakia. If the prospectus is approved by the competent authority of the Member State other than Slovak Republic and the securities are to be offered to the public in Slovak Republic, 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.

Public offer of securities includes any relevant information granted to a wider audience in any form by any means, which includes sufficient details about the conditions of the offer and about the offered securities. Public offers can be placed by domestic or foreign investment firms.

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

Any subsequent resale of securities mentioned in the previous paragraph shall be regarded as a separate offer of securities 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 securities or the final placement of securities 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) securities offered in connection with a takeover in exchange for other securities or securities offered, allotted or to be allotted in the case of merger, acquisition 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, (ii) securities 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 seat or head office is in the European Union and provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer, (iii) 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, and (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 made available containing information on the number and nature of shares and reasons for and details of the offer of these securities.

The exemption in relation to securities mentioned under (ii) in the previous paragraph shall also apply to companies incorporated outside the territory of Member States whose securities are admitted to trading on a regulated market or a market in a non-Member State. If securities mentioned in the first sentence are admitted to trading on a market in a non-Member State, provision mentioned under (ii) in the previous paragraph shall be applicable, if adequate information including document mentioned under (ii) in the previous paragraph is available at least in a language customary in the sphere of international finance and provided that Commission has adopted an equivalence decision regarding the market of a non-Member State on the basis of a request by the National Bank of Slovakia or the competent authority of another Member State.

## **The Republic of Slovenia**

The Securities may only be offered publicly in Slovenia if:

- (a) a prospectus in relation to the Securities 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 Directive 2003/71/EC (the “**Prospectus Directive**”); or
- (b) an exemption from the obligation to publish a prospectus, as provided in the Slovenian Market in Financial Instruments Act (*Zakon o trgu finančnih instrumentov*) (**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 equaling at least €100,000 on the basis of accepting individual offers, or
  - (iv) for the offer the subject of which are securities denominated to at least €100,000 each, or
  - (v) securities included in an offer where the total selling price of the offer in the EU is less than €100,000, which limit shall be calculated over a period of 12 months.

For the purposes of the ZTFI, the term “**public offering**” means any communication to the persons given in any form and given by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities. This definition is also applicable to the sale (placement) of securities through financial intermediaries.

According to the ZTFI, the term “**qualified investor**” (*dobro poučeni vlagatelj*) includes, among others:

- (i) persons that must obtain appropriate authorisation from the competent supervisory authority of a Member State or a third country or in any other way obtain the right to operate on financial markets, namely credit institutions (*kreditne institucije*), investment companies (*investicijska podjetja*), other supervised financial companies (*druge nadzorovane finančne družbe*), insurance companies (*zavarovalnice*), reinsurance companies (*pozavarovalnice*), pension companies (*pokojninske družbe*), collective investment undertakings (*kolektivni naložbeni podjetji*), and the managers thereof, pension funds (*pokojninski skladi*) and the managers thereof, entities trading with commodities and derivative instruments on commodities (*osebe, ki trgujejo z blagom in izvedenimi instrumenti na blago*), local companies as defined in the

second paragraph of the Article 14 of the Banking Act (*Zakon o bančništvu*) (**ZBan-1**), other institutional investors;

- (ii) large companies fulfilling at least two of the following conditions: (1) a total balance sheet reaching €20 million; (2) net annual total revenues from sales reaching €40 million; and (3) value of equity capital reaching €2 million;
- (iii) the Republic of Slovenia, and other countries or national and regional authorities, public law entities exercising public debt, the Bank of Slovenia and other central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations and
- (vi) other institutional investors whose regular business operation is investing in financial instruments, including entities dealing with securitisation of assets or other financing transactions.

## FORM OF FINAL TERMS

### BANCA IMI S.P.A.

[Title of Certificates]

#### under the Credit Linked Certificates Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Securities 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 the Securities. Accordingly any person making or intending to make an offer of the Securities 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 supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 24 of Part A below, provided such person is one of the persons mentioned in Paragraph 24 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC and amendments thereto.]<sup>1</sup>

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Securities 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 the Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of the Securities may only do so 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 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 Securities in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC and amendments thereto.]<sup>2</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 28 June 2013 [and the supplement to the Base Prospectus dated ●] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive as amended]<sup>3</sup>. This document (which for the avoidance of doubt may be issued in respect of more than one series of Securities) constitutes the Final Terms of the Securities described herein [for the purposes of Article 5.4 of the Prospectus Directive]<sup>4</sup> and must be read in conjunction with the Base Prospectus [as supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] is [are] available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Principal Security Agent. The Base Prospectus [and the supplement to the Base Prospectus] [has] [have] been published on the websites of the Irish Stock Exchange (www.ise.ie), the Central Bank of Ireland

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<sup>1</sup> Consider including this legend where a non-exempt offer of Securities is anticipated.

<sup>2</sup> Consider including this legend where only an exempt offer of Securities is anticipated.

<sup>3</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

<sup>4</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

(<http://www.centralbank.ie>) and the Issuer (<http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html>).

[A summary of the Securities (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms]<sup>5</sup>. In the case of the Securities admitted to trading on the regulated market of the Irish Stock Exchange, the Final Terms will be published on the website of the Irish Stock Exchange and of the Issuer.

*[The Final Terms relating to each issue of Securities will contain (without limitation) such of the following information as is applicable in respect of such Securities. Any information that is not applicable will be deleted.]*

References herein to numbered Conditions are to the terms and conditions of the relevant series of Securities and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms insofar as they relate to such series of Securities, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "Securities" shall be deemed to be references to the relevant Certificates that are the subject of these Final Terms and references to "Securities" and "Security" shall be construed accordingly.

*[The purchase of Securities involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. Before making an investment decision, prospective purchasers of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth (or incorporated by reference) in the Base Prospectus (including "Risk Factors" on pages 26 to 45 thereof) and these Final Terms.]*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any other person.]*

*[By investing in the Securities 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 Securities and as to whether the investment in the Securities is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer as investment advice or as a recommendation to invest in the Securities, it being understood that information and explanations related to the terms and conditions of the Securities shall not be considered to be investment advice or a recommendation to invest in the Securities. 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 Securities.*
- (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 Securities. It is also capable of assuming, and assumes, the risks of the investment in the Securities.*
- (c) Status of Parties. The Issuer is not acting as a fiduciary for or adviser to it in respect of the investment in the Securities.]*

1. Issuer: Banca IMI S.p.A.
2. Specific provisions for each Series:

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<sup>5</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

Series Number	No. of Securities issued	Issue price per Security	Exercise Date/ [●]
●	●	●	[from and including] [●] [to and including] [●]
●	●	●	[from and including] [●] [to and including] [●]
3.	Consolidation:	The Securities are to be consolidated and form a single series with the <i>[insert title of relevant series of Securities]</i> issued on <i>[insert issue date]</i> . <i>(N.B. Only applicable in relation to Securities which are fungible with an existing series of Securities)</i>	
4.	Underlying asset:	The item to which the Securities relate are certain credit events concerning the Reference Entity <i>[specify Reference Entity]</i> .	
5.	Issue Date:	The issue date of the Securities is [     ].	
6.	(i) Exercise Date:	The exercise date of the Securities is set out in paragraph 2 under "Specific Provisions for each Series" above.	
	(ii) Renouncement Notice Cut-off Time:	[●] <i>(Only applicable for Italian Listed Securities)</i>	
7.	Scheduled Settlement Date:	The scheduled settlement date for the Securities is [     ]. <i>(N.B. Only applicable if Settlement Date is different from the definition in Condition 3).</i>	
8.	Number of Securities being issued:	The number of Securities being issued is set out in paragraph 2 under "Specific Provisions for each Series", above.	
9.	Issue Price:	The issue price per Security is set out in paragraph 2 under "Specific Provisions for each Series", above.	
	Issue Size:	[     ]	
10.	Exchange Business Day:	[     ] <i>(N.B. Only applicable if different from the definition in Condition 3 or if the Securities are neither Share Securities nor Index Securities).</i>	
11.	Business Day Centre(s):	The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 3 [is/are] [     ].	
12.	Settlement:	Settlement will be by way of cash payment pursuant to Condition 16.	
13.	Issuer's option to vary settlement:	The Issuer [has/does not have] the option to vary settlement in respect of the Securities.	
14.	Exchange Rate:	The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Cash Settlement Amount (as defined in Condition 3) is <i>[insert rate of exchange and details of how and when such rate is to be ascertained]</i> .	
15.	Settlement Currency:	The settlement currency for the payment of the the Cash	



Settlement Amount is [        ].

Issue Currency: [        ] [*insert in case of Dual Currency Securities*]

16. Name and address of Calculation Agent: The Calculation Agent is [●]/[specify other].  
[Insert address of Calculation Agent]

17. Provisions relating to the credit linkage of the Securities:

(i) Trade Date: [        ]

(ii) Party responsible for making calculations and determinations pursuant to Condition 12, if not the Calculation Agent: [        ]

(iii) Calculation Agent City: [        ]

(iv) Reference Entity(ies): [        ]

Succession Event Backstop Date: [Applicable/Not Applicable]

(v) Reference Obligation(s): [        ]

[The obligation[s] identified as follows:

Primary Obligor: [        ]

Guarantor: [        ]

Maturity: [        ]

Coupon: [        ]

CUSIP/ISIN: [        ]]

(vi) All Guarantees: [Applicable/Not Applicable]

(vii) Credit Events: [Bankruptcy]  
[Failure to Pay]  
[Grace Period Extension [Applicable/Not Applicable]]  
[If Applicable:  
Grace Period:[        ]]  
[Obligation Default]  
[Obligation Acceleration]  
  
[Repudiation/Moratorium]  
  
[[Restructuring]

Provisions relating to Multiple Holder Obligation:

Condition 12(10) [Applicable/Not Applicable]

Provisions relating to Restructuring Credit Event:  
Condition 12(9) [Applicable/Not Applicable]

[Restructuring Maturity Limitation and Fully Transferable  
Obligation [Applicable/Not Applicable]]

[Modified Restructuring Maturity Limitation and  
Conditionally Transferable Obligation [Applicable/Not  
Applicable]]

- Default Requirement: [ ]
- Payment Requirement: [ ]
- Credit Event Backstop Date: [Applicable/Not Applicable]
- (viii) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]  
[If Applicable:  
Public Source(s): [ ]  
Specified Number: [ ]
- Additional Event Determination Date Definitions: [Applicable/Not Applicable]
- (ix) Obligation(s):
- Obligation Category  
[select one only]: [Payment]  
[Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]  
[Not Subordinated]
- Obligation Characteristics [select all of which apply]: [Specified Currency:  
[specify currency] [Standard Specified Currencies]]  
[Not Sovereign Lender]  
[Not Domestic Currency:]  
[Domestic Currency means: [specify currency]]  
[Not Domestic Law]  
[Listed]  
[Not Domestic Issuance]
- Additional Obligation(s): [ ]
- (x) Excluded Obligation(s): [ ]
- (xi) Settlement Method: [Cash Settlement/Auction Settlement]

- Fallback Settlement Method: [Cash Settlement/Not Applicable]
- (xii) Accrual of Remuneration upon Credit Event: [Applicable/Not Applicable]
- (xiii) Settlement following Merger Event: Condition 12(8) [Applicable/Not Applicable]
- (xiv) Unwind Costs: [Standard Unwind Costs/*other*/Not Applicable]
- (xv) Credit Event Settlement Amount: [ ]
- (xvi) Provisions relating to Grace Period Extension: [Applicable/Not Applicable]
- (xvii) Credit Event Notice after Restructuring Event: [Applicable/Not Applicable]
- (xviii) Credit Event Settlement Date: [ ] / [ ] Business Days
- (xix) Valuation Date: [Single Valuation Date: [ ] Business Days]  
[Multiple Valuation Dates: [ ] Business Days; and each [ ] Business Days thereafter.  
Number of Valuation Dates: [ ]]
- (xx) Valuation Time: [ ]
- (xxi) Quotation Method: [Bid/Offer/Mid-market]
- (xxii) Quotation Amount: [[ ]/Representative Amount]
- (xxiii) [Minimum Quotation Amount: [ ]]
- (xxiv) Quotation Dealers: [ ]
- (xxv) Quotations: [Include Accrued Interest/Exclude Accrued Interest]
- (xxvi) Valuation Method: [Market/Highest]  
[Average Market/Highest/Average Highest]  
[Blended Market/Blended Highest]  
[Average Blended Market/Average Blended Highest]
- (xxvii) Auction Credit Event Settlement Amount: [ ]
- (xxviii) Auction Credit Event Settlement Date: [ ]

**[PROVISIONS RELATING TO REMUNERATION IN RESPECT OF CERTIFICATES**

18. Notional Amount per Certificates [       ]

Remuneration Amount: The remuneration in respect of the Certificates is calculated as [a combination of:] [(i)] [Predetermined Remuneration Amount] [./and] [(ii)] [Remuneration at fixed rate][./and][(iii)] [Remuneration at Floating rate].

Remuneration Commencement Date: [       ] [*Specify/Issue Date/Not Applicable*]

(i) Predetermined Remuneration Amount provisions: [Applicable/Not Applicable]

(a) Remuneration Amount: [       ]

(b) Remuneration Payment Dates: [[       ] and the Settlement Date]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(ii) Remuneration at Fixed rate provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Rate(s) of Remuneration [       ] per cent. per annum [payable [annually/semi annually/quarterly] in arrear]

(b) Remuneration Payment Date(s): [       ] in each year up to and including the Maturity Date].  
The first Remuneration Payment Date is [       ].

(c) Fixed Remuneration Amount(s): [       ]  
*(Applicable to Security in definitive form)*

(d) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360(ISDA)]

(e) Remuneration Date(s): [       ] in each year

- (iii) Remuneration at floating rate provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Specified Period(s)/Specified Remuneration Payment Date(s): [ ]. The first Specified Remuneration Payment Date is [ ].
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][ Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Remuneration and Remuneration Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Remuneration and Remuneration Amount (if not the Calculation Agent): [ ]
- (f) Screen Rate Determination:
- Reference Rate: [GBP-][EUR-][USD-][CHF-][EURIBOR] [LIBOR]
- Remuneration Determination Date(s): [ ]  
*(Second London business day prior to the start of each Remuneration Period if LIBOR (other than Sterling or euro LIBOR), first day of each Remuneration Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Remuneration Period if EURIBOR or euro LIBOR)*
- 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)*
- (g) ISDA Determination:

- Floating Rate Option: [ ]

- Designated Maturity: [ ]

- Reset Date: [ ]

(h) Margin(s): [+/-] [ ] per cent. per annum

(i) Minimum Rate of Remuneration: [ ] per cent. per annum

(j) Maximum Rate of Remuneration: [ ] per cent. per annum

(k) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360(ISDA)]

(iv) Remuneration calculated as a combination of (i), (ii) and/or (iii) above: [Applicable/Not Applicable]

(a) Determination Periods: [*insert dates* ("First Determination Period")]  
[*insert dates* ("Second Determination Period")]  
[*insert dates* (" Determination Period")]

(b) Remuneration method(s) :

First Determination Period	[Predetermined Remuneration Amount][Remuneration at fixed rate][Remuneration at Floating rate]
Second Determination Period	[Predetermined Remuneration Amount][Remuneration at fixed rate][Remuneration at Floating rate]
[ Determination Period]	[Predetermined Remuneration Amount][Remuneration at fixed rate][Remuneration at Floating rate]

**GENERAL**

19. Form of Securities:

[Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security]

[Temporary Global Security exchangeable for Definitive Securities on or after the Exchange Date]

[Permanent Global Security exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security]

**DISTRIBUTION**

20. Syndication:

The Securities will be distributed on a [non-]syndicated basis.

(i) [If syndicated, names and addresses of Managers and underwriting commitments:

*[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) Stabilising Manager (if any):]

[Not applicable/give name [and address, if not provided under paragraph 23(i)]\*\*]

If non-syndicated, name and address of Manager (if not the Issuer):

[Name and address]

[Total commission and concession: [ ]]

21. Non exempt Offer\*:

[Not Applicable] [An offer of the Securities may be made by the Manager[s] [or through [specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Issuer") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (the Distributors and, together with the Manager[s], the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"] (**Offer Period**). See further Paragraph 12 of Part B below.

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

## PURPOSE OF FINAL TERMS

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 (for example the Irish Stock Exchange) and, if relevant, admission to an official list (for example, the Official List of the Irish Stock Exchange)]] of the Securities described herein pursuant to the Credit Linked Certificates Programme of Banca IMI S.p.A.

## RESPONSIBILITY

[Subject as provided below, the Issuer accepts responsibility for the information contained in these Final Terms. [The information relating to ● [and ●] (the **Reference Information**) contained herein has been accurately extracted from [insert information source(s)]. The Issuer accepts responsibility for the accuracy of such extraction but accepts no further or other responsibility in respect of such information.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

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\* Not relevant for an issue of Securities with an issue price of equal to or greater than EUR100,000 (or its equivalent in another currency).



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Ireland/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made/is expected to be made for the Securities to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*

### 2. [NOTIFICATION]

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

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Manager[s]/Distributors, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer. – *Amend as appropriate if there are other interests. In the event that the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, include a reference to the risk factor "Potential Conflicts of Interest" at page 42*]

### 4. 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".*]

*((i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

### 5. YIELD (*fixed rate Certificates 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 Notional Amount. It is not an indication of future yield.]

**6. HISTORIC INTEREST RATES** (*floating rate Certificates only*)

Details of historic [[GBP-][EUR-][USD-][CHF-][EURIBOR] [LIBOR]] rates can be obtained from [Reuters].

**7. TERMS AND CONDITIONS OF THE OFFER** (*Public Offer Only*)

Offer Price:	[Issue Price][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 and 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 Securities:]	[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]

Consent to use of Base Prospectus [The Issuer consents to the use of the Base Prospectus by all financial intermediaries (general consent).]

[General consent for the subsequent resale or final placement of the Certificates by the financial intermediary[y][ies] is given in relation to [ ].]

[The Issuer consents to the use of the Base Prospectus by the following financial intermediary[y][ies] (individual consent): [insert name[s] and address[es]].]

[Individual consent for the subsequent resale or final placement of the Certificates by the financial intermediary[y][ies] is given in relation to [ ] to [insert names] and address[es] and [give details].]

[Such consent is also subject to and given under condition [ ]]

[The subsequent resale or final placement of the Certificates by financial intermediaries can be made [indication of the period] [ ].]

## 8. DISTRIBUTORS

- (i) Name(s) and address(es), to the extent known to the Issuer, of the Distributors in the various countries where the offer takes place: [None/give details]
- (ii) Name and address of the coordinator(s) of the global offer and of single parts of the offer: [●]
- (iii) Name and address of any paying agents and depository agents in each country (in addition to the Principal Security Agent): [●]
- (iv) Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements: [●]
- (v) Date of signing of the [underwriting] / [placement] agreement [●]

## 9. POST-ISSUANCE INFORMATION

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

## 10. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- [(iii)] Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- [(iv)] Names and addresses of initial Security Agents: [ ]

**PART C – SUMMARY OF THE SPECIFIC ISSUE**

<i>Section A – INTRODUCTION AND WARNINGS</i>	
<b>A.1</b>	<p><i>This summary should be read as an introduction to the Base Prospectus.</i></p> <p><i>Any decision to invest in the Certificates should be based on consideration of the Base Prospectus as a whole by the investor.</i></p> <p><i>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</i></p> <p><i>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</i></p>
<b>A.2</b>	<p><i>[Not Applicable; – the Certificates are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</i></p> <p><i>[Not Applicable; – the Certificates are not being offered to the public as part of a Public Offer.]</i></p> <p><b>Consent:</b> <i>Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Certificates by the Distributor(s) [, [names of specific financial intermediaries listed in final terms,] [and] [each financial intermediary whose name is published on the Issuer’s website ([to be inserted]) 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 applicable legislation implementing Directive 2004/39/EC (MiFID) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</i></p> <p><i>"We, [insert name of financial intermediary], refer to the [insert title of relevant Certificates] (the <b>Certificates</b>) described in the Final Terms dated [insert date] (the <b>Final Terms</b>) published by Banca IMI S.p.A. (the <b>Issuer</b>). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates can be offered] (the <b>Offer</b>) in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".]</i></p> <p><i>(each an <b>Authorised Offeror</b>).</i></p> <p><b>Offer period:</b> <i>The Issuer's consent referred to above is given for Public Offers of Certificates during [offer period for the Certificates to be specified here] (the <b>Offer Period</b>)</i></p> <p><b>Conditions to consent:</b> <i>The conditions to the Issuer’s consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates 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].</i></p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY CERTIFICATES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH CERTIFICATES 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.]</b></p>

**Section B – ISSUERS AND GUARANTOR**

<b>B.1</b>	<b>Legal and Commercial Name of the Issuers</b>	Banca IMI S.p.A.																																																									
<b>B.2</b>	<b>Domicile/ Legal Form/ Legislation/ Country of Incorporation</b>	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>B.4b</b>	<b>Description of trends</b>	Not applicable. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.																																																									
<b>B.5</b>	<b>Description of the group of the Issuer(s)</b>	The Issuer is a company belonging to the Intesa Sanpaolo banking group, of which Intesa Sanpaolo S.p.A. is the parent company.																																																									
<b>B.9</b>	<b>Profit forecast/estimate</b>	Not applicable. No profit forecasts or estimates have been made in the Base Prospectus.																																																									
<b>B.10</b>	<b>Qualifications in the audit report</b>	Not applicable. No qualifications are contained in any audit report included in the Base Prospectus.																																																									
<b>B.12</b>	<b>Selected historical key information / material adverse change/ significant changes</b>	<p><b>SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER</b></p> <p>The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2011 and 2012 and certain unaudited consolidated selected income statement and selected balance sheet figures for the three months ending 31 March 2013 have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's consolidated financial statements in respect of those dates and periods:</p> <table border="1"> <thead> <tr> <th align="left" colspan="3"><i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i></th> </tr> <tr> <th align="left"><b>Assets</b></th> <th align="right"><b>31 December 2012</b></th> <th align="right"><b>31 December 2011</b></th> </tr> <tr> <td></td> <td align="center" colspan="2"><i>(EUR thousand)</i></td> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td align="right">3</td> <td align="right">3</td> </tr> <tr> <td>Financial assets held for trading</td> <td align="right">69,259,238</td> <td align="right">59,622,811</td> </tr> <tr> <td>Available-for-sale financial assets</td> <td align="right">6,714,432</td> <td align="right">6,745,435</td> </tr> <tr> <td>Due from banks</td> <td align="right">56,403,295</td> <td align="right">56,635,055</td> </tr> <tr> <td>Loans to customers</td> <td align="right">17,398,110</td> <td align="right">14,012,386</td> </tr> <tr> <td>Hedging derivatives</td> <td align="right">1,091,276</td> <td align="right">988,621</td> </tr> <tr> <td>Equity investments</td> <td align="right">13,535</td> <td align="right">10,070</td> </tr> <tr> <td>Property and equipment</td> <td align="right">751</td> <td align="right">752</td> </tr> <tr> <td>Intangible assets</td> <td align="right">194,183</td> <td align="right">194,216</td> </tr> <tr> <td>of which:</td> <td></td> <td></td> </tr> <tr> <td>- goodwill</td> <td align="right">194,070</td> <td align="right">194,070</td> </tr> <tr> <td>Tax assets</td> <td align="right">294,160</td> <td align="right">541,901</td> </tr> <tr> <td>a) current</td> <td align="right">101,558</td> <td align="right">217,507</td> </tr> <tr> <td>b) deferred</td> <td align="right">192,602</td> <td align="right">324,394</td> </tr> <tr> <td>Other assets</td> <td align="right">423,522</td> <td align="right">467,732</td> </tr> <tr> <td><b>Total Assets</b></td> <td align="right"><b>151,792,505</b></td> <td align="right"><b>139,218,982</b></td> </tr> </tbody> </table>	<i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i>			<b>Assets</b>	<b>31 December 2012</b>	<b>31 December 2011</b>		<i>(EUR thousand)</i>		Cash and cash equivalents	3	3	Financial assets held for trading	69,259,238	59,622,811	Available-for-sale financial assets	6,714,432	6,745,435	Due from banks	56,403,295	56,635,055	Loans to customers	17,398,110	14,012,386	Hedging derivatives	1,091,276	988,621	Equity investments	13,535	10,070	Property and equipment	751	752	Intangible assets	194,183	194,216	of which:			- goodwill	194,070	194,070	Tax assets	294,160	541,901	a) current	101,558	217,507	b) deferred	192,602	324,394	Other assets	423,522	467,732	<b>Total Assets</b>	<b>151,792,505</b>	<b>139,218,982</b>
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<b>Liabilities and Equity</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(EUR thousand)</i>	
Due to banks	42,471,641	42,145,742
Due to customers	7,602,384	4,479,861
Securities issued	32,764,994	32,907,923
Financial liabilities held for trading	64,004,171	54,717,953
Financial liabilities at fair value through profit and loss		684,942
Hedging derivatives	674,160	680,992
Tax liabilities	392,734	318,490
<i>a) current</i>	366,462	315,905
<i>b) deferred</i>	26,272	2,585
Other liabilities	372,892	458,523
Post-employment benefits	8,727	7,930
Provisions for risks and charges	23,680	16,423
<i>a) pensions and similar obligations</i>	12	12
<i>b) other provisions</i>	23,668	16,411
Fair value reserves	(105,866)	(392,234)
Reserves	1,396,770	1,132,179
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	642,494	516,534
<b>Total Liabilities and Equity</b>	<b>151,792,505</b>	<b>139,218,982</b>
<b><i>Audited Consolidated Income Statements for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i></b>		
	<b>31 December 2012</b>	<b>31 December 2011</b>
	<i>(EUR thousand)</i>	
Interest and similar income	2,382,980	2,190,204
Interest and similar expense	(1,815,889)	(1,627,472)
<b>Net interest income</b>	<b>567,091</b>	<b>562,732</b>
Fee and commission income	399,258	343,313
Fee and commission expense	(178,332)	(84,906)
<b>Net fee and commission income</b>	<b>220,926</b>	<b>258,407</b>
Dividends and similar income	334,347	367,932
Profits (Losses) on trading	246,636	(57,335)
Profit (Losses) on hedging	17,467	2,818
Profits (Losses) on disposal or repurchase of:		45,059
<i>a) loans and receivables</i>	3,499	9,551
<i>b) available-for-sale financial assets</i>	123,954	29,053
<i>c) held-to-maturity investments</i>	-	-
<i>d) financial liabilities</i>	(13,419)	6,455
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	(25,062)	883
<b>Total income</b>	<b>1,475,439</b>	<b>1,180,496</b>

Impairment losses/reversal of impairment losses on:	(110,549)	(50,013)
a) <i>loans and receivables</i>	(105,228)	(29,648)
b) <i>available-for-sale financial assets</i>	-	-
c) <i>held-to-maturity investments</i>	-	-
d) <i>other financial assets</i>	(5,321)	(20,365)
<b>Net financial income</b>	<b>1,364,890</b>	<b>1,130,483</b>
<b>Net banking and insurance income</b>	<b>1,364,890</b>	<b>1,130,483</b>
Administrative expenses	(350,581)	(315,745)
a) <i>personnel expenses</i>	(131,760)	(112,264)
b) <i>other administrative expenses</i>	(218,821)	(203,481)
Net accruals to provision for risks and charges	(16,000)	(14,300)
Depreciation and net impairment losses on property and equipment	(358)	(403)
Amortisation and net impairment losses on intangible assets	(31)	(42)
Other operating income (expenses)	4,771	3,451
<b>Operating expenses</b>	<b>(362,199)</b>	<b>(327,039)</b>
Net gains on sales of equity investments	4,396	1,704
<b>Pre-tax profit from continuing operations</b>	<b>1,007,087</b>	<b>805,148</b>
Income tax expense	(364,593)	(288,614)
<b>Post-tax profit from continuing operations</b>	<b>642,494</b>	<b>516,534</b>
<b>Profit for the year</b>	<b>642,494</b>	<b>516,534</b>
Profit (loss) attributable to non-controlling interests	-	-
<b>Profit attributable to the owners of the parent</b>	<b>642,494</b>	<b>516,534</b>
<b>Consolidated Income Statement Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the three months ending 31 March 2012</b>		
	<b>31 March 2013</b>	<b>31 March 2012</b>
	<i>(EUR thousand)</i>	
Net interest income	130,579	168,109
Total income	371,774	475,365
Operating expenses	92,410	91,351
Net financial income	322,471	458,449
Pre-tax profit from continuing operations	230,919	367,936
Profit for the period	145,036	235,090
<b>Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the year ending 31 December 2012</b>		
	<b>31 March 2013</b>	<b>31 December 2012</b>
	<i>(EUR million)</i>	
Net investments	24,079.1	22,653.2



		<p>Net revenue 26,800.6 26,435.7</p> <p>Indirect revenue 0.0 0.0</p> <p>Financial assets 72,211.9 75,973.7</p> <p>Total assets 151,489.8 151,792.5</p> <p>Net equity 3,604.0 3,477.1</p> <p>Share Capital 962.5 962.5</p> <p><b>Statements of no significant or material adverse change</b>  There has been no significant change in the financial or trading position of the Issuer since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.</p>
<b>B.13</b>	<b>Recent events</b>	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>B.14</b>	<b>Issuer dependent upon other entities within the group</b>	The Issuer is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A., which is the parent company of the Intesa Sanpaolo banking group, to which the Issuer belongs.
<b>B.15</b>	<b>Principal activities of the Issuer</b>	The Issuer is a banking institution established under the laws of the Republic of Italy engaged in investment banking activities. The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into four business divisions: Capital Markets, Finance & Investments, Investment Banking and Structured Finance.
<b>B.16</b>	<b>Control of Issuer</b>	The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.

**Section C – SECURITIES**

<b>C.1</b>	<b>Type and class of securities being offered / Security identification number</b>	<p>[ ].</p> <p>The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and shall be construed in accordance with, English Law.</p> <p>The ISIN of the Certificates is [ ].</p>
<b>C.2</b>	<b>Currency</b>	[ ].
<b>C.5</b>	<b>Restrictions on free transferability</b>	There are restrictions on the offer, sale and transfer of the Securities in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Czech Republic, Hungary, Ireland, Poland, Slovak Republic and Slovenian Republic) and such other restrictions as may be required in connection with the offering and sale of a particular series of Securities.
<b>C.8</b>	<b>Description of rights and ranking</b>	[ ].
<b>C.11</b>	<b>Trading of Certificates</b>	[ ].
<b>C.15</b>	<b>Description of how the value of the investment is affected by the value of the</b>	[ ].

	<b>underlying instrument</b>	
<b>C.16</b>	<b>The expiration or maturity date of the derivative securities – the exercise date or final reference date</b>	[ ].
<b>C.17</b>	<b>Settlement procedure</b>	[ ].
<b>C.18</b>	<b>Description of how the return on derivative securities takes place</b>	[ ].
<b>C.19</b>	<b>Exercise price or final reference price of the underlying</b>	[ ].
<b>C.20</b>	<b>Type of underlying and where the information on the underlying can be found</b>	The Reference Entity(ies) and the respective successor, as well as the relevant source of information, is [ ].

**Section D – RISKS**

<b>D.2</b>	<b>Key risks specific to the Issuer</b>	<p>There are certain factors that may affect each Issuer's ability to fulfil its obligations under Certificates issued under the Programme. These include the following risk factors:</p> <ul style="list-style-type: none"> <li>(i) Banca IMI's business could be adversely affected by international markets and economic conditions;</li> <li>(ii) Recent disruptions and volatility in the global and the Euro-zone financial markets may adversely impact Banca IMI's business;</li> <li>(iii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect the Banca IMI's business and results of operations;</li> <li>(iv) Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy;</li> <li>(v) Banca IMI's business is exposed to counterparty credit risk;</li> <li>(vi) Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance;</li> <li>(vii) Banca IMI's business is exposed to settlement risk and transfer risk;</li> <li>(viii) Banca IMI's business is exposed to market risk;</li> <li>(ix) Banca IMI's business is exposed to increasing competition in the financial services industry</li> <li>(x) Banca IMI's business is exposed to liquidity risk;</li> <li>(xi) Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate;</li> </ul>
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		<p>(xii) Banca IMI's business is exposed to operational risks;</p> <p>(xiii) Banca IMI's business is exposed to Reputational Risk;</p> <p>(xiv) Legal risks;</p> <p>(xv) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject;</p> <p>(xvi) Regulatory claims may arise in the conduct of the Banca IMI's business;</p> <p>(xvii) Banca IMI is exposed to risk of changes in tax legislation as well as to increases in tax rates;</p> <p>(xviii) Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses.</p>
<p><b>D.6</b></p>	<p><b>Key risks specific to the securities</b></p>	<p>An investment in relatively complex securities such as the Certificates involves a greater degree of risk than investing in less complex securities. In some cases, investors may stand to lose the value of their entire investment or part of it, as the case may be. There are certain factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme. In particular:</p> <p><u>(i) The Certificates may not be a suitable investment for all investors</u></p> <p>Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.</p> <p><u>(ii) Option Risk</u></p> <p>The Certificates are derivative financial instruments which may include an option right and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk.</p> <ul style="list-style-type: none"> <li>• <b>Risks related to the structure of the Certificates</b></li> </ul> <p>The Certificates may have features which contain particular risks for potential investors. In particular:</p> <p><u>( ) General risks and risks relating to the change in the value of the creditworthiness of any Reference Entity</u></p> <p>The Certificates involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Securities.</p> <p>Fluctuations in the creditworthiness of any Reference Entity will affect the value of the Credit Linked Certificates.</p> <p>[The Issuer may issue several issues of Securities relating to the credit of various reference entities, as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Securities other than the Securities to which particular Final Terms relate.]</p> <p><u>( ) Risk relating to the determination of the Remuneration payable in respect to the Securities</u></p> <p>The Securities which entitle to receive a Remuneration Amount determined by applying a fixed or a floating rate may expose the investors to interest rate risks. In particular, investment in Securities with a fixed rate remuneration involve the risk that subsequent changes in market interest rates may adversely affect the value of the Securities with a fixed rate remuneration. Securities with a floating interest rate remuneration involve the risk that interest rates may vary from time to time, resulting in variable interest payments to Securityholders.]</p> <p><u>( ) Reference Entity Risks</u></p> <p>The Certificates do not create any legal relationship between the Securityholders and the Reference Entities. The Securityholders will not have any right of recourse against the relevant Reference Entity in the event of any loss.</p> <p>Neither the Issuer nor any other person on behalf of the Issuer makes any representation or warranty or accepts any responsibility whatsoever with respect to the creditworthiness of any Reference Entity or otherwise that no Credit Event will occur with respect to any Reference Entity.</p> <p><u>( ) Certain Factors Affecting the Value and Trading Price of Securities</u></p> <p>Before selling Securities, Securityholders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value of the creditworthiness of any Reference Entity, (iii) the time remaining to expiration, (iv), the probable range of Cash Amounts, (v) any change(s) in currency</p>

exchange rates, (vi) any change(s) in the inflation rates of the country of any Reference Entity, and (vii) the depth of liquidity of the Reference Item.]

( ) Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in any Reference Item which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the creditworthiness of any Reference Entity or the value of the Reference Item which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will correlate with the creditworthiness of any Reference Entity or the value of the Reference Item which may be specified in the applicable Final Terms. ]

( ) Volatility Risk due to Credit Linkage

If during the term of a Certificate, the creditworthiness of the Reference Entity deteriorates significantly without the occurrence of a Credit Event being imminent, this may materially adversely affect the market price of the Certificates.

Moreover, the price of the Certificates depends on the development of market prices of other credit default swaps relating to the Reference Entity.

Such credit default swap prices, in turn, are subject to volatility. Changes in the market price of the relevant credit default swap may differ from the change in price of the Certificates following the deterioration of the creditworthiness of any relevant Reference Entity. Such a deterioration in the creditworthiness of any relevant Reference Entity may cause the price of the Certificate to go down.

Furthermore, the change in the market price of the credit default swap does not only depend on the expected creditworthiness in relation to the relevant Reference Entity, but also on factors such as the expectation of the market regarding the likelihood of debtors defaulting in general. This may result in a negative impact on the price of the Certificates due to price changes in the overall default swaps market, even if no change has occurred regarding the expected creditworthiness with respect to the Reference Entity underlying the Certificates. The market price of Certificates linked to credit events on the market is subject to greater levels of risk than is the market price of other certificates.

( ) Certain Considerations regarding the credit component

An investment in Credit Linked Certificates will entail significant risks not associated with an investment in a conventional debt security. The Issuer may issue Securities where the Cash Amount and/or Remuneration Amount(s) payable is dependent upon whether certain events (**Credit Events**) have occurred in respect of one or more reference entity/entities (**Reference Entities**) and, if so, such amount may be dependent on the value of certain assets of such Reference Entity/Entities as specified in the applicable Final Terms.

The price of Credit Linked Certificates may be volatile and will be affected by, amongst other things, the time remaining to the redemption date or expiration date and the creditworthiness of the Reference Entity/Entities, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

The Securityholders will be exposed to the credit risk of one or more Reference Entities, which exposure may be up to the full extent of their investment in such Credit Linked Certificates. The occurrence of a Credit Event in relation to any Reference Entity from time to time may result in the Credit Linked Certificates paying a reduced or zero Cash Amount and/or a reduced or zero Remuneration Amount(s). Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the holders of such Credit Linked Certificates may then suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Credit Security is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Holders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Following the occurrence of a Credit Event, the Calculation Agent may be required by the applicable Final Terms to seek quotations in respect of select obligations of the affected Reference Entity (the Reference Item). Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers).

Credit Linked Certificates do not constitute an acquisition by the holders of the Securities of any

interest in any Reference Item. The Issuer does not grant any security interest over any Reference Item.

Prospective purchasers should be aware that the Issuer's obligations in respect of Credit Linked Certificates are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity, and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

Reference Entities may not be subject to regular reporting requirements. The Reference Entities may report information in accordance with different disclosure and accounting standards. Prospective investors should note that in certain circumstances, there may be no requirement for the Issuer to give information which is generally publicly available in relation to the occurrence of a Credit Event. If a Credit Event occurs in respect of a Reference Entity which is not public, holders of the Securities may not be able to verify the occurrence of such Credit Event. None of the Issuer or the Calculation Agent or any of their respective affiliates make any representation as to the accuracy or completeness of any information available with respect to the Reference Entities and none of the Issuer or the Calculation Agent or any of their respective affiliates will have any obligation to keep investors informed as to any matters with respect to the Reference Entities or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event with respect to the Reference Entities.

( ) Substitution of the Reference Entity

As a result of mergers or other events involving the Reference Entity, such Reference Entity may change. This could result in the risk that the Reference Entity following such changes can, in economic terms, no longer be compared with the relevant Reference Entity prior to such changes. Any risk which may result from such a change of the Reference Entity will be borne by the Securityholders.

In case of a Succession Event, a Reference Entity may become Successor of another Reference Entity. If a Credit Event has already occurred and been notified accordingly in relation to such Successor prior to the relevant Succession Event, such previous Credit Event will not prevent the occurrence and determination of a (new) Credit Event in relation to such Successor, even if with respect to each Reference Entity only one notified Credit Event is taken into account.

( ) Conflicts of interest in relation to the Reference Entity

The Issuer, the Calculation Agent and their affiliates are entitled to purchase and sell the Certificates for their own account or for the account of others, to issue further Certificates and to engage in transactions (including hedging transactions) with respect to the Reference Entity or Reference Item. The Issuer, the Calculation Agent and their affiliates are also entitled to exercise a function in relation to the Certificates other than the present function and to issue additional derivative instruments in relation to the potential Reference Item. Such transactions may favourably or adversely affect the market price of the Certificates. If additional and competing products are introduced in the markets, this may adversely affect the value of the Certificates. The Issuer, the Calculation Agent and their affiliates are entitled in connection with any future securities issues by the Reference Entity to act as managers, financial advisers for the relevant Reference Entity or as commercial bank for a Reference Entity. Such activities may result in conflicts of interest.

The Issuer, the Calculation Agent and their affiliates may on the issue date of the Certificates or at any time thereafter be in possession of information in relation to any Reference Entity that may be material to holders of any Certificates and that may not be publicly available or not known to the Securityholders. There is no obligation on the part of the Issuer, the Calculation Agent or their affiliates to disclose any such information to the Securityholders.

( ) Implementation of Resolutions of the "Credit Derivatives Determination Committee"

ISDA has established Credit Derivatives Determination Committees (each a "**Committee**") that comprise of dealers in and buyers of credit derivative instruments for the purpose of resolving matters and questions in connection with ISDA standard terms or an auction organised by ISDA.

The Calculation Agent may take any applicable resolutions of the relevant Committee into account when applying the Final Terms and the Terms and Conditions and in exercising its discretion. Potential investors should therefore be aware that their investment in Credit Linked Certificates and any loss following a Credit Event could be dependent on resolutions of such Committee.

( ) Actions of Reference Entities may affect the value of the Certificates

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Certificates.

( ) Payments in the Certificates may be deferred or suspended

In certain circumstances, payment of the cash settlement amount of the Securities and/or remuneration may be deferred for a material period in whole or part without compensation to the holders of the

	<p>Certificates.</p> <p><u>( ) Use of Cash Settlement may adversely affect returns to Securityholders</u></p> <p>Following the occurrence of a Credit Event, the Calculation Agent will be required to seek quotations in respect of selected obligations of the affected Reference Entity. Quotations obtained may be "bid-side" - that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer. Any quotations so obtained may be significantly different from the value of the relevant obligation which would be determined by reference to (for example) the present value of related cashflows. Quotations will be deemed to be zero in the event that no such quotations are available.</p> <p><u>( ) Risks may be compounded</u></p> <p>Various risks relating to the Certificates may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Certificates and/or in increased losses for the Securityholders.</p> <p><u>( ) The Certificates do not represent an interest in obligations of Reference Entities</u></p> <p>The Certificates do not constitute an acquisition by the Securityholders of any interest in any obligation of a Reference Entity.</p> <p><u>( ) Historical performance may not predict future performance</u></p> <p>Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities.</p> <ul style="list-style-type: none"> <li>• <b>Risks Related to Securities Generally</b></li> </ul> <p><u>(i) Modification</u></p> <p>The Conditions provide that the Principal Security Agent and the Issuer may, without the consent of Securityholders, agree to (i) any modification (subject to certain specific exceptions) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders or (ii) any modification of the Securities 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.</p> <p><u>(iii) Expenses and Taxation</u></p> <p>A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities.</p> <p>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, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.</p> <p><u>(iv) U.S. Foreign Account Tax Compliance Withholding</u></p> <p>The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 (or the date of publication in the Federal Register of final regulations defining the term "foreign pass-through payment", if later) in respect of (i) any Securities 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 or materially modified after the later of (a) 31 December 2013, or (b) the date that is six months after the date on which the final regulations defining the term "foreign pass-through payment" are filed in the Federal Register pursuant to the foreign account tax compliance provisions (<b>FATCA</b>) of the Hiring Incentives to Restore Employment Act of 2010 and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. In addition, pursuant to the Conditions of the Securities, the Issuer may issue further Securities (<b>Further Securities</b>) in respect of any Series of Securities already issued (<b>Existing Securities</b>) such that the Further Securities shall be consolidated and form a single Series with the Existing Securities. An issue of Further Securities after 31 December 2013 that will be consolidated and form a single Series with, and have the same operational identification numbers as Existing Securities issued on or before 31 December 2013 may result in such Existing Securities also being subject to withholding.</p> <p>Under existing guidance, this withholding tax may be triggered if (i) the Issuer is a foreign financial institution (<b>FFI</b>) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (<b>IRS</b>) to provide certain information on its account holders (making the Issuer a <b>Participating FFI</b>), (ii) the Issuer is required to withhold on "foreign pass-through payments", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) an investor does not consent, where necessary, to have its information disclosed to the IRS, or (c) any FFI that is an</p>
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investor, or through which payment on such Securities is made, is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, 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 on how these rules may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities are uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to "foreign pass-through payments" are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

*(v) Legislation Affecting Dividend Equivalent Payments*

The United States Hiring Incentives to Restore Employment Act (the **HIRE Act**) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Under issued temporary and proposed regulations, a dividend equivalent payment also includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the Securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the Securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the Securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

*(vi) Other taxation considerations*

It is not possible to predict whether the taxation regime applicable to Securities on the date of purchase or subscription will be amended during the term of the Securities.

*(vii) Illegality and Cancellation*

If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge the Issuer's obligations under any Securities have become, illegal in whole or in part for any reason, the Issuer may cancel such Securities. The Issuer may also cancel the Securities upon the occurrence of certain adjustment events. If the Issuer cancels the Securities, it will pay the holder of each such Security an amount equal to the fair market value of such Security, notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. The fair market value of the Securities may be less than the purchase price of the Securities and may in certain circumstances be zero.

*(viii) Change of law*

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.

*(ix) Potential Conflicts of Interest*

Some activities of the Issuer and/or any of its Affiliates could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Securities.

*(x) EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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 or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

• ***Risks Related to the Market Generally***

*(xi) Impact of implicit fees on the Issue/Offer Price*

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Securities, but such fees will not be taken into account for the purposes of determining the price of the relevant Securities in the secondary market.

*[(xii) Certain considerations associated with public offers of Securities]*

If Securities are distributed by means of a public offer, the Issuer may have the right to withdraw the offer, which in such circumstances will be deemed to be null and void.

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

*( ) Possible Illiquidity of the Securities in the Secondary Market*

It is not possible to predict the price at which Securities will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Securities on a stock exchange or market. If the Securities are not listed or admitted to trading on any exchange or market, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. If the Issuer does list or admit to trading an issue of Securities, there can be no assurance that at a later date, the Securities will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Securities on another exchange or market. The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation. The Issuer or any of its Affiliates may, but is not obliged to, be a market-maker for an issue of Securities. Even if the Issuer or such other entity is a market-maker for an issue of Securities, the secondary market for such Securities may be limited. To the extent that an issue of Securities becomes illiquid, an investor may have to wait until the Exercise Date to realise value.

*[( ) Listing of Securities]*

In respect of Securities which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain (as soon as reasonably practicable after the relevant de-listing) an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If such an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.]

*( ) Exchange rate risks and exchange controls*

The Issuer will pay the Cash Settlement Amount in respect of the Securities in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Settlement 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.

• ***Legal Risks***

*(i) Legal investment considerations may restrict certain investments*

Each prospective purchaser of Securities must determine that its acquisition of the Securities (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and (iii) is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Securities.



		<p><u>(ii) No reliance</u></p> <p>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 Securities 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 Securities by a prospective purchaser of the Securities.</p> <p><u>(iii) Disclaimers</u></p> <p>Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.</p>
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**Section E – OFFER**

<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	The Issuer intends to use the net proceeds from each issue of Certificates for [ ]
<b>E.3</b>	<b>Terms and conditions of the offer</b>	[ ]
<b>E.4</b>	<b>Material interests in the offer</b>	[ ].
<b>E.7</b>	<b>Estimated expenses</b>	[ ].

## TAXATION

### 1. General

Transactions involving Securities may be subject to stamp taxes and give rise to certain other tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Paragraphs 2 to 16 below summarise, for information purposes only, certain aspects of the Italian, French, German, Luxembourg, Portuguese, Irish, Spanish, British, Dutch, Belgian, Czech, Hungarian, Polish, Slovenian, Slovak and United States tax treatment of transactions involving Securities. However, such transactions may have tax consequences in other jurisdictions. Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving Securities should consult their own tax advisers.

The following general discussion does not take into account taxation which may be imposed by way of withholding or otherwise in the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Ireland, Czech Republic, Hungary, Poland, Slovak Republic, Slovenian Republic and United States or in any other jurisdiction, on income and capital gains in any form, on any of the underlying assets to which a Certificate may relate.

Condition 8 ("Expenses and Taxation") on page 83 should be considered carefully by all potential purchasers of any Securities.

### 2. Taxation in the Republic of Italy

*The following is a general discussion of current Italian law and practice relating to the taxation of the Securities.*

*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 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.*

#### ***Italian taxation of the Securities***

Pursuant to Article 67 of the Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Securities are subject to a 20 per cent. substitute tax (*imposta sostitutiva*). The recipient may opt for one of the three regimes described below:

- (1) 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 Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Securityholder, holding Securities not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during

any given tax year. Italian resident individuals holding Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Carried forward capital losses in excess of capital gains realised prior to 1 January 2012 may be used against capital gains realised in any of the four succeeding tax years limited to 62.5 per cent. of their amount.

- (2) As an alternative to the tax declaration regime, Italian resident individual Securityholders holding the Securities 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 Securities (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Securities 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 Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (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 Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities 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. Capital losses realised prior to 1 January 2012 may be carried forward against capital gains realised after such date within the same securities management, according to the same conditions above described, limited to 62.5 per cent. of their amount. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.
- (3) Any capital gains realised by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, 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 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any decrease in value 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. Any decrease in value of the managed assets accrued until 31 December 2011 may be carried forward against increase in value of the managed assets accrued after such date limited to 62.5 per cent. of their amount. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or a similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and therefore subject to Italian corporate tax.

Capital gains realised by non-Italian-resident Securityholders are not subject to Italian taxation, provided that the Securities (i) are traded on regulated markets, or (ii) are held outside of Italy.

### *Atypical securities*

According to a certain interpretation of Italian tax law there is the possibility that, on the basis of certain features of the Securities, the Securities would be qualified for tax purposes as atypical securities and will be subject to the provisions of Article 5 of law Decree No. 512 of 30 September 1983. As a consequence, payments relating to these Securities shall be subject to a withholding tax levied at the rate of 20 per cent. (final or on account depending on the "status" and tax residence of the Securityholder) by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. Where the Securityholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Securities are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax.

### *Inheritance and gift tax*

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 €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 € 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.

### *Transfer tax*

Following the repeal of the Italian transfer tax, as from 31 December 2007 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 €168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### *Stamp duty*

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications which may be sent by financial intermediaries to a Securityholder in respect of any Securities which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1 per cent. for the year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Securities held. The stamp duty can be (i) no lower than € 34.20, (ii) for the year 2012 only, it cannot exceed € 1,200 and (iii) from 2013 onwards, it cannot exceed EUR 4,500 for non-individual holders of securities only.

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.

### ***Wealth Tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2012, and at 0.15 per cent. for subsequent years.

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). Although the wealth tax is already applicable, certain aspects of the relevant discipline are expected to be clarified by and implemented with a Decree of the Ministry of Economy and Finance.

### ***Financial Transaction Tax***

Pursuant to Article 1, para. 491 and followings of Law No. 228 of 24 December 2012, the Italian Parliament introduced a financial transaction tax ("**FTT**") which applies to (a) the transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the just mentioned shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the "**Relevant Securities**"), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transactions on the securities (as set forth by article 1, paragraph 1-bis, letters c) and d), of the Legislative Decree No. 58 of 24 February 1998), (iii) which allow to mainly purchase or sell one or more Relevant Securities or (iv) implying a cash payment determined with main reference to one or more Relevant Securities.

Warrants and certificates are expressly included in the scope of application of the FTT if they meet the requirements set out above.

With specific reference to the transactions on securitised derivatives on the Relevant Securities (such as the certificates) the FTT is due, as of 1 September 2013, regardless of the tax residence of the parties and/or where the transaction is executed.

The FTT is levied at a fixed amount that varies depending on the nature of the relevant instrument and the notional value of the transaction, and ranges between EUR 0.01875 and EUR 200 per transaction.

The amount of FTT payable is reduced to 1/5 of the standard rate in case the transaction is performed on regulated markets or multilateral trading facilities of an EU Member States and of the SEE, included in the so-called white list to be set out by a to-be-issued Ministerial Decree pursuant to Article 168-bis of Presidential Decree No. 917 of 22 December 1986 (for the time being reference shall be made to countries not qualifying as black list countries for Italian tax purposes).

The FTT on derivatives is due by each of the parties to the transactions. The FTT is not applied where one of the parties to the transaction is the European Union, the BCE, central banks of the EU Member States, foreign Central Banks or entities which manage the official reserves of a foreign State, or international bodies or entities set up in accordance with international agreements which have entered into force in Italy. Further specific exemptions exist, inter alia, for (i) subjects who carry on market making activities; (ii) mandatory social security entities and pension funds set up according to Legislative Decree No. 252 of 5 December 2005; and (iii) intragroup transfers of the Relevant Securities.

The FTT shall be levied, and subsequently paid, to the Italian Revenue by the subject (generally a financial intermediary) that is involved, in any way, in the performance of the transaction. If more than one subject is involved in the execution of the transaction, the FTT is payable by the subject who receives the order of execution by the ultimate purchaser or counterparty. Intermediaries that are not resident in Italy but are liable to collect the FTT from the taxpayers and to pay it to the Italian Revenue

can appoint an Italian tax representative for the purposes of the FTT. If no intermediary is involved in the performance of the transaction, the FTT must be paid directly by the taxpayers.

The Italian Ministry of Economy and Finance Decree dated 21 February 2013 set out the main implementation rules of the FTT, but further regulations and implementing provisions, which may also have an impact on some of the above mentioned provisions, are expected to be issued in the coming months by the Chairman of the Tax Authorities. Therefore prospective Holders of Warrants and Certificates are advised to consult their own tax advisers also on such aspects.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

### ***Implementation in Italy of the EU Savings Directive***

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of April 18, 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## **3. Taxation in France**

*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 a French resident for French tax purposes and is not acting from a French branch or permanent establishment in connection with the Securities. 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 Securities.*

### ***Withholding tax***

All payments by the Issuer in respect of the Securities 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.

### ***EU Savings Directive***

The Directive 2003/48/EC on the taxation of savings income has been implemented into French law under article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including, the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

### ***Transfer tax and other taxes***

The following rules are applicable to the disposal of French shares:

- The disposal for consideration of French shares is, in principle, subject to a 0.1 per cent. transfer tax (the **Transfer Tax**), provided in the case of shares listed on a recognised stock exchange that the transfer is evidenced by a deed or agreement.
- The introduction of a financial transaction tax in France (the French **Financial Transaction Tax**) to be imposed on certain acquisitions over French listed shares (and other similar securities) where the issuer's stock market capitalisation exceeds €1 billion. The French Financial Transaction Tax rate is 0.2 per cent. of the sale price of the transaction.
- If the French Financial Transaction Tax applies to a transaction, an exemption in respect of the Transfer Tax would be applicable.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

***French tax implications for the French resident Warrantheolders or holders of Certificates (not constituting debt instruments for French tax purposes)***

- (i) With respect to French individual tax residents

- (1) Net profit realised out of France in respect of Warrants or applicable Certificates

Net profit realised out of France in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes, or other debt instruments issued under French or foreign law and fiscally similar thereto within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20120912 dated 12 September 2012, n°70) by a French individual tax resident Warrantheolder or Certificateholder, as the case may be, (assuming that such payments would not be attributable to an enterprise carried on by the French income tax resident subject to French individual income tax) would be deemed as income from movable capital and subject to the progressive rates of French individual income tax (with a maximum tax rate amounting to 45 per cent. excluding any exceptional contribution to income tax that may be assessed in respect of individuals with taxable income over €250,000). In addition, such net profit would also be subject to social charges amounting to 15.5 per cent.

- (2) Net profit realised in France in respect of Warrants or applicable Certificates

Net profit realised in France in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes, or other debt instruments issued under French or foreign law and fiscally similar thereto within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20120912 dated 12 September 2012, n°70) by a French individual tax resident Warrantheolder or Certificateholder, as the case may be, (assuming that such payments would not be attributable to an enterprise carried on by the French income tax resident subject to French individual income tax), would be deemed as non-commercial profit and subject to the progressive rates of French individual income tax (with a maximum tax rate amounting to 45 per cent. excluding any exceptional contribution to income tax that may be assessed in respect of individuals with taxable income over €250,000) if the French individual tax resident Warrantheolder or Certificateholder, as applicable, invests on a regular basis or on an occasional basis.

In addition, such net profit would also be subject to social charges amounting to 15.5 per cent.

(ii) With respect to French corporate tax residents

Net profit realised in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes, or other debt instruments issued under French or foreign law and fiscally assimilated thereto within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20120912 dated 12 September 2012, n°70) by a French corporate tax resident Warrantholder or Certificateholder, as applicable, would be subject to (i) French corporate income tax at the normal rate of 33.1/3 per cent., (ii) the 3.3 per cent. additional social contribution on French corporate income tax, if applicable, and (iii) an additional contribution of 5 per cent. of the amount of corporate tax applicable for fiscal years ending between 31 December 2011 and 30 December 2015 to companies with turnover exceeding €250 million (raising the maximum effective rate up to 36.1 per cent.).

#### 4. Taxation in Germany

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Securities, 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 Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.*

*Prospective purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Securities, 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 current income and capital gains*

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 of Securities will be subject to German withholding tax if the Securities are kept in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*), provided the Securities have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. In such case, German withholding tax will be levied by the Disbursing Agent on account of the holder of Securities. A secondary liability of the holder of the Securities might arise under certain circumstances. 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.). If the individual holder of Securities is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to ongoing payments on the Securities.



Where Securities are issued in a currency other than Euro any currency gains or losses are part of the capital gains.

If interest coupons or interest claims are disposed of separately (*i.e.* without the Securities), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or interest claims if the Securities have been disposed of separately.

If Securities qualifying as a forward/futures transaction (*Termingeschäft*) according to sec. 20 para. 2 sent. 1 no. 3 German Income Tax Act (**ITA**, *Einkommensteuergesetz*) are settled by a cash payment, capital gains realised upon exercise (*i.e.* the cash amount received minus directly related costs and expenses, *e.g.* the acquisition costs) are subject to withholding tax.

To the extent the Securities have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Securities have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge) on 30 per cent. of the disposal proceeds (plus interest accrued on the Securities (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Securities by the previous 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 EU Savings Directive (*e.g.* Switzerland or Andorra).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual holder of Securities via the Disbursing Agent (*e.g.* losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder of Securities in the custodial account with the Disbursing Agent.

Individual holder of Securities may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly) for all investment income received in a given year. Upon the individual holder of Securities filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the 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 holder of Securities has submitted to the 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 Securities held by a corporation as holder of Securities 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 Securities form part of a trade or business or are related to income from letting and leasing of property, subject to further requirements being met.

#### *Taxation of current income and capital gains*

The personal income tax liability of an individual holder of Securities deriving income from capital investments under the Securities is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Securities kept in custody abroad or if no Disbursing Agent is involved in the payment process or if the withholding tax on disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), the individual holder of Securities must report his or her income and capital gains derived from the Securities on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus

solidarity surcharge at a rate of 5.5 per cent. thereon and church tax, where applicable). Further, an individual holder of Securities 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 itemised basis is not permitted.

Losses incurred with respect to Securities can only be off-set against investment income of the individual holder of Securities realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Securities can only be off-set against capital gains deriving from the disposal of shares. Losses from Securities qualifying as forward/futures transactions that expire worthless shall – according to the administrative directive of the German tax authorities – be non-deductible for individual holders.

Where Securities form part of a trade or business or the income from the Securities qualifies as income from the letting and leasing of property the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Securities form part of a trade or business, interest (accrued on the Securities) must be taken into account as income. The respective holder of Securities 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 of Securities. Where Securities form part of a German trade or business the gains from the disposal, redemption, repayment or assignment of the Securities may also be subject to German trade tax.

If Securities form part of a trade or business, the deductibility of losses derived from the exercise, disposal or expiration of Securities which qualify for tax purposes as forward/futures transactions is generally limited. These losses may only be applied against profits from other forward/futures transactions derived in the same or, subject to certain restrictions, the previous year. Otherwise these losses may be carried forward indefinitely and applied against profits from forward/futures transactions in subsequent years. These generally do not apply to futures transactions hedging the investor's ordinary business. Further special rules apply to credit institutions, financial service companies and finance companies within the meaning of the German Banking Act.

### **Non-residents**

Capital gains derived from the Securities are not subject to German taxation, unless (i) the Securities form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of Securities; 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 Securities are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Securities are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Security or an interest coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Securities or interest coupons, withholding tax generally will also apply. In each case, German withholding tax will be levied by the Disbursing Agent on account of the holder of Securities. A secondary liability of the holder of the Securities might arise under certain circumstances. 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 Securities 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 Security 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 Securities. Currently, net assets tax is not levied in Germany.

### **EU Savings Directive**

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the EU Savings Directive into German law. These provisions apply from 1 July 2005.

For further information about the EU Savings Directive please refer to page 198.

### **No gross-up for taxes withheld**

Purchasers of the Securities 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 Securities, 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 Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

## **5. Luxembourg Taxation**

The following discussion is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. 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.

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 and subject to the laws of 21 June 2005, as amended (the **Laws**), 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 or repurchase of the Securities held by non-resident holders of Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her/its country of residence in the required format to the relevant paying agent. 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 Laws would at present be subject to withholding tax of 35 per cent..

#### *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 or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg are at present subject to a withholding tax of 10 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 10 per cent..

## **6. Portuguese Taxation**

The following is a general discussion of the current Portuguese tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments in respect of the Securities. The statements do not deal with other Portuguese tax aspects regarding the Securities and relate only to the position of persons who are absolute beneficial owners of the Securities. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Securityholders who are in any doubt as to their tax position should consult their own professional advisers.

### **Security holders income tax**

As a rule, the income arising from the Securities are qualified as capital gains for Portuguese tax purposes. However, regarding the Securities that qualified as Certificates the positive difference, if any, between the minimum amount guaranteed and the subscription price of the certificates is qualified as investment income subject to Income Tax in Portugal.

Whenever there is the obligation to withhold tax at source, such responsibility shall be assumed by the Portuguese resident paying agent.

### **Personal Income Tax (“PIT”)**

#### **(i) Investment income**

The positive difference, if any, between the minimum amount guaranteed and the subscription price of the Certificates is qualified as investment income subject to Personal Income Tax in Portugal.

As regards to investment income on the Certificates made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 25 per cent. if there is a Portuguese resident paying agent as from the moment the correspondent amounts are made available to the individual resident in Portugal for tax purposes, unless the individuals elects to include the income in their taxable income, subject to tax at the current progressive personal income tax rates of up to 46.5 per cent. An additional personal income tax rate of 2.5 per cent. that will be due on the part of the taxable income exceeding €153,300. In this case, the tax withheld is deemed to be a payment on account of 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 30 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 will be included in their taxable income, subject to tax at the current progressive rates of up to 46.5 per cent whenever those payments are not subject to Portuguese withholding tax. An additional personal income tax rate of 2.5 per cent. that will be due on the part of the taxable income exceeding €153,300.

**(ii) Capital gains**

The annual positive balance arising from the difference between capital gains and capital losses resulting from transactions in connection with the Securities will be taxed at the special tax rate of 25 per cent., unless the individuals resident in Portugal elects to include the income in their taxable income, subject to tax at progressive rates of up to 46.5 per cent. An additional personal income tax rate of 2.5 per cent. that will be due on the part of the taxable income exceeding €153,300.

There is no Portuguese withholding tax on capital gains.

**Corporate Income Tax (CIT)**

**Investment income and capital gains**

Investment income arising from Certificates, if any, and capital gains obtained by Portuguese corporate resident entities in relation to the Securities will be included in their taxable income and is subject to a corporate income tax rate of 25 per cent., which may be subject to a municipal surcharge (*derrama municipal*) of up to 1.5 per cent., over the Securityholders taxable profits. A state surcharge ("*derrama estadual*") rate will be of 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €10,000,000 and of 5 per cent. on the part of the taxable profits exceeding €10,000,000.

There is (i) no Portuguese withholding tax on capital gains and (ii) no withholding tax on investment income arising from the Certificates, if any, even if there is a Portuguese paying agent that made available such income to the corporate entities resident in Portugal for tax purposes.

**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 Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

## **7. 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 Securities or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Securities and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Securities 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**

#### **Certificates**

##### *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 Certificates may receive under the Certificates will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates 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), regardless of whether is in kind or in cash.

Both types of income will be included in the savings part of the taxable income generally subject to Personal Income Tax at the following tax rates: financial income up to €6,000 will be taxed at a rate of 19 per cent and the excess over such threshold will be subject to a tax rate of 21 per cent. However, exceptionally during the tax periods 2012 and 2013, the savings income tax base will be taxed at the following rates: (i) 21 per cent. up to €6,000; (ii) 25 per cent. from €6,001 up to €24,000; and (iii) 27 per cent. on any amount exceeding €24,000.

Spanish holders of the Certificates 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 Certificates 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 Certificates 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 Certificates, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Certificates cannot be offset if the investor acquires homogeneous Certificates within the two-month period prior or subsequent to the transfer of the Certificates, until he/she transfers such homogeneous Certificates.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Certificates, if any.

#### *Wealth Tax*

In accordance with Royal Decree-law 13/2011 of 16 September, Wealth Tax came into effect for the tax periods 2011 and 2012. In addition to that, Law 16/2012 extended effects of Wealth Tax for 2013. 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. Individual with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Securities which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

#### *Inheritance and Gift Tax*

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

### **Warrants**

#### *Personal Income Tax*

The premium or amount paid for the subscription of the Warrants would not be considered as a deductible expense, but as the acquisition value, which would include the expenses and commissions, inherent to the acquisition, paid by the acquirer.

Income obtained by the holders of the Warrants covered by this Prospectus on their transfer before the expiration date, will be considered as capital gains or losses in accordance with the provisions of the Spanish Personal Income Tax Law. The gain or loss shall be calculated as a difference between the transfer value, once any expenses and commissions paid by the taxpayer have been deducted, and the acquisition value, as defined above.

Upon the exercise of the Warrants, income obtained would be considered as a capital gain or loss, which will be calculated as the difference between (i) the Settlement Price, once any expenses and commissions paid by the taxpayer have been deducted, and (ii) the acquisition value, as defined above.

Failure to exercise any Warrants on the expiration date would give rise to a capital loss on the acquisition value.

Income derived from the transfer or exercise of the Warrants will be included in the savings part of the taxable income generally subject to Personal Income Tax at the following tax rates: financial income up to €6,000 will be taxed at a rate of 19 per cent and the excess over such threshold will be subject to a tax rate of 21 per cent. However, exceptionally during the tax periods 2012 and 2013, the savings income tax base will be taxed at the following rates: (i) 21 per cent. up to €6,000; (ii) 25 per cent. from €6,001 up to €24,000; and (iii) 27 per cent. on any amount exceeding €24,000.

#### *Wealth Tax*

In accordance with Royal Decree-law 13/2011 of 16 September, Wealth Tax has come into effect for the tax periods 2011 and 2012. In addition to that, Law 16/2012 extended effects of Wealth Tax for 2013. 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. Individual with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Securities which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

#### *Inheritance and Gift Tax*

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

### **Legal Entities with Tax Residence in Spain**

#### **Certificates**

##### *Corporate Income Tax*

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for limited liability companies is currently 30 per cent. However, small sized companies (those companies whose net business income is lower than €10,000,000) can benefit from the reduced tax rate of 25 per cent. on the first €300,000 of their taxable profits. In addition to this, during the tax period 2013, companies with a net business income lower than €5,000,000 and an average staff of at least one employee and less than 25 employees could benefit from the reduced rate of 20 per cent. on the first €300,000 of their taxable profits, being the rest of the taxable profits subject to a tax rate of 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Securities, if any.

#### **Warrants**

As a general rule, income obtained either through the transfer or the exercise of the Warrants and obtained by taxpayers subject to Corporate Income Tax will be included in their taxable income under the general provisions described for Certificates.

### **Individuals and legal entities with no Tax Residence in Spain**

#### **Certificates**

A non-resident holder of Certificates, who has a permanent establishment in Spain to which such Certificates are effectively connected with, is subject to Spanish Non-Residents' Income Tax on any income under the Certificates, including both interest periodically received and income arising on the



disposal, redemption or reimbursement of the Certificates. 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).

### **Warrants**

As a general rule, income obtained by a permanent establishment located in Spain of a non-resident would be subject to taxation in a similar way than that applicable to Spanish tax resident corporate income taxpayers.

### **Spanish withholding tax**

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Certificates or intervenes as manager in the collection of any income under the Certificates, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Certificates (income from Warrants will always be not subject to withholding tax in Spain). The current withholding tax rate in Spain is 19 per cent. However, in principle during the tax periods 2012 and 2013 exclusively, the withholding tax rate applicable is 21 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 Certificates. However, holders of the Certificates who are Corporate Income Taxpayers or Non-Residents' Income Taxpayers acting through a permanent establishment in Spain to which the Certificates are effectively connected with can benefit from a withholding tax exemption when the Certificates are listed in an OECD official stock exchange. This will be the case as the Certificates are expected to trade on the Irish Stock Exchange's Regulated Market.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax (Royal Decree 439/2007, of 30 March) and Corporate Income Tax (Royal Decree 1777/2004, of 30 July) when intervening in the transfer or reimbursement of the Certificates.

### **Indirect taxation**

The acquisition, transfer, redemption, reimbursement and exchange of the Securities will be subject to and exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

The exemption applicable for Value Added Tax purposes would not cover deposit and management services related to the Securities.

### **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 Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

## 8. Taxation in the United Kingdom

*The following applies only to persons who are the beneficial owners of Securities and is a general discussion of the Issuer's understanding of current law and practice in the United Kingdom relating to United Kingdom withholding tax treatment of payments in respect of the Securities and United Kingdom stamp duty and stamp duty reserve tax only. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Securities. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective Securityholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

### **Withholding Tax**

Payments made in relation to a Security (including payments made on the exercise of Securities) may be made without deduction or withholding on account of United Kingdom income tax where such payments are (i) not regarded as arising in the United Kingdom for United Kingdom tax purposes and (ii) not treated as payments of interest or annual payments for United Kingdom tax purposes. If withholding on account of United Kingdom income tax is required, the Issuer and any other person by or through whom the payments are made are required by law to deduct a sum representing income tax on it at the basic rate in force for the tax year in which the payment it is made (currently 20%).

### **Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

References in section (i) below to "Securities" include a Global Security.

#### *(i) Issue of Securities*

A charge to stamp duty at 1.5 per cent. by reference to the amount of consideration given for the Securities or, in the case of a Global Security, 1.5 per cent. of the consideration given for the Securities represented by that Global Security, may arise if such Securities are issued in the United Kingdom and are denominated in sterling. No stamp duty liability will arise on the issue of sterling denominated Securities if issued outside the United Kingdom. However, in relation to sterling denominated Securities originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security, a stamp duty liability at 1.5 per cent. may arise.

No SDRT is payable on the issue, into Euroclear or Clearstream, Luxembourg, of a Cash Settled Security. In certain limited circumstances SDRT may be payable in relation to the issue into Euroclear or Clearstream, Luxembourg of a Physical Delivery Security.

#### *(ii) Transfer within Euroclear or Clearstream*

No United Kingdom stamp duty should be required to be paid on the transfer of any Securities within Euroclear or Clearstream, Luxembourg provided no instrument is used to complete the transfer.

No United Kingdom SDRT should be payable on the transfer of any Securities within Euroclear or Clearstream, Luxembourg provided that no election has been made under which the alternative system of charge (as provided for in section 97A Finance Act 1986) applies to the Securities.

#### *(iii) Exercise*

No United Kingdom stamp duty or SDRT should be payable on the exercise of Cash Settled Securities. However, United Kingdom stamp duty and SDRT may be payable in relation to the exercise of a Physical Delivery Security.

## Reporting of information

In relation to any Security under which any amounts which are characterised as interest are payable, Securityholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Securityholder. HMRC also has the power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on the redemption of Securities which are deeply discounted securities where such amounts are paid on or before 5 April 2013. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

## 9. Taxation in The Netherlands

*The following is a summary of certain Netherlands tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant for a decision to acquire, hold or dispose of Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular holder. This summary is based on the tax laws of The Netherlands currently in force (unpublished case law not included) and as it stands on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change. This summary assumes that the terms and conditions of each transaction with respect to Securities are at arm's length.*

*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.*

*Prospective holders of Securities are advised to consult their own tax advisers as to the tax consequences of the acquisition, ownership and disposition of Securities in their particular circumstances, including the effect of any taxation under the laws of The Netherlands.*

### **Out of scope**

This summary does not address the Netherlands tax consequences for:

- (a) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or, in the case of Physical Delivery Share Securities, any other entity and holders of Securities of whom a certain related person holds a substantial interest in the Issuer or in the case of Physical Delivery Share Securities any other entity. A substantial interest is generally present if a holder holds, alone or together with his spouse or partner, whether directly or indirectly, the ownership of, or certain other rights (including rights to obtain shares, whether or not already issued) over, (a) shares representing 5% or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company, (b) profit sharing certificates, or membership rights in a cooperative or a cooperative association, entitling the holder to 5% or more of the profits or of the liquidation distributions of a company, a cooperative or a cooperative association, or (c) membership rights representing 5% or more of the voting rights in the general meeting of a cooperative or a cooperative association;

- (b) investment institutions (*fiscale beleggingsinstellingen*);
- (c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax; and
- (d) corporate holders of Securities qualifying for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding can, *inter alia*, only qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

### **Holder of Securities**

Where in this section "*Taxation in The Netherlands*" reference is made to a "holder of Securities", such reference will include, without limitation:

- an owner of one or more Securities who, in addition to the title to such Securities, has an economic interest in such Securities,
- a person or an entity that holds the entire economic interest in one or more Securities,
- a person or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Netherlands tax purposes, the assets of which comprise one or more Securities, and
- a person who is deemed to hold an interest in Securities, as referred to under any of the above, pursuant to the attribution rules of article 2.14a, of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for example, in a trust or a foundation.

**Withholding Tax.** All payments by the Issuer under the Securities can be made free of withholding or deduction for any taxes of any nature imposed, levied, withheld, or assessed by The Netherlands or any political subdivision or taxing authority of or in The Netherlands, 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.

**Tax Residents.** Generally, all income derived from the Securities by its holder who is a resident or deemed to be a resident of The Netherlands and that is subject to Netherlands corporate income tax (*vennootschapsbelasting*) will be included in the holder's taxable profit, subject to Netherlands corporate income tax at a rate of 25%; a rate of 20% applies to the first €200,000 of taxable profits. Capital gains and losses arising on the disposal and redemption of the Securities will be included in the holder's taxable profit, subject to the same rates.

If the holder of the Securities is an individual, resident or deemed to be a resident of The Netherlands for the purposes of Netherlands income tax (*inkomstenbelasting*), including a non-resident individual holder who has opted to be treated as a resident of The Netherlands for Netherlands income tax purposes, the actual income derived from the Securities and the actual gains realised upon the disposal

and redemption of the Securities will be subject to such individual income tax at the progressive income tax rates, the maximum being 52%, if:

- the holder of Securities has an enterprise or an interest in an enterprise, to which enterprise or part of such enterprise, as the case may be, the Securities are attributable,
- the income derived from and the capital gains realised upon the disposal and redemption of the Securities are regarded as 'taxable income from one or more activities not being activities that generate taxable profit or taxable wages' (*Belastbaar resultaat uit overige werkzaamheden*) within the meaning of articles 3.90, 3.91, 3.92 and 3.92b of the Netherlands Income Tax Act 2001, or
- in case the Securities can be qualified as loan receivables, the holder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, certain other of such persons' relatives (including foster children), (i) has indirectly the disposition of the proceeds of the Securities, or (ii) has a substantial interest in an entity that legally or de facto, directly or indirectly, has the disposition of proceeds of the Securities.

An individual holder who is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands income tax, including a non-resident individual holder who has opted to be treated as a resident of The Netherlands for Netherlands income tax purposes, and who is not liable to tax under the preceding paragraphs, will not be liable to income tax on the actual income and the actual gains realised on the Securities. Instead, such holder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*Sparen en beleggen*) within the meaning of article 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the individual's "yield basis" (*Rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's "yield basis" exceeds a certain exempt amount. The Securities will be included in the holder's "yield basis".

**Non-Residents.** A holder who is not a resident of The Netherlands, nor deemed to be a resident, nor an individual who has opted to be taxed as a resident of The Netherlands for Netherlands income tax purposes, is not taxable on income derived from the Securities and capital gains realised upon the disposal or redemption of the Securities, provided that:

- such holder does not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment, or a deemed permanent establishment or a permanent representative in The Netherlands to which enterprise or part of an enterprise, as the case may be, the Securities are attributable,
- the Securities are not attributable to the assets of an enterprise that is effectively managed in The Netherlands, with respect to which enterprise, such holder is entitled to a share in its profits, other than by way of securities or if such holder is an individual, pursuant to the terms of an employment contract,

and in addition for individuals only:

- such holder does not derive income and/or realise capital gains on the Securities that are regarded as 'taxable income from one or more activities performed in The Netherlands not being activities that generate taxable profit or taxable wages' (*Belastbaar resultaat uit overige werkzaamheden in Nederland*) within the meaning of articles 3.90, 3.91, 3.92 and 3.92b of the Income Tax Act 2001, and
- in case the Securities can be qualified as loan receivables, the holder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, certain other of such persons' relatives (including foster children), (a) does not have

indirectly disposition of the proceeds of the Securities, nor (b) has a substantial interest in an entity that legally or de facto, directly or indirectly, has the disposition of proceeds of the Securities nor (c) if either (a) or (b) is not met, such disposition cannot be considered to take place in The Netherlands.

***Gift, Estate and Inheritance Taxes.*** Generally, gift and inheritance taxes will be due in The Netherlands on the acquisition of the Securities by way of a gift, in substance or in form, by, or on the death of, a holder of Securities who is a resident or deemed to be resident of The Netherlands for the purpose of Netherlands gift and inheritance tax at the time of the gift or his or her death.

No gift or inheritance taxes will arise in The Netherlands on the acquisition of the Securities by way of a gift, or a result of the death of, a holder of Securities who is neither a resident nor deemed to be a resident of The Netherlands for the purpose of Netherlands gift and inheritance tax, unless in the case of a gift of the Securities by an individual who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such holder dies within 180 days after the date of the gift, while at the time of his death being a resident or deemed to be a resident of The Netherlands.

***Value Added Tax.*** There is no Netherlands value added tax payable by a holder of a Security on payments in consideration for the issue of the Securities or on the cash payment made under the Securities, or in respect of the transfer of the Securities.

***Other Taxes and Duties.*** No capital duty, registration tax, transfer tax, customs duty, stamp duty or other similar duties or documentary taxes will be payable in The Netherlands on the creation, subscription, offering, issue allotment or delivery of the Securities, unless the Securities represent an interest in real estate, or certain rights over such real estate, situated in the Netherlands.

## **10. Taxation in Belgium**

*Prospective Holders of securities are advised to consult their own advisors as to the tax consequences of the purchase, ownership and disposal of securities, including the effect of any taxes under Belgian law. The present overview is only general information, which is not intended to deal with specific aspects of an investment in Certificates. Potential investors are recommended to consult their tax advisor on basis of their own particular situation.*

### **Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, 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. At the beginning, Belgium operated a withholding system in relation to such payments. Since January 1st 2010, Belgium also applies exchange of information.

### ***Belgian income taxes regarding Certificates***

The following summary describes the principal Belgian tax considerations with respect to the holding of Certificates obtained by an investor in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Certificates. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

As a general rule, Belgian withholding tax is due by the debtor of interest income. Since the issuer of the Certificates is an Italian bank, this rule is not relevant in the case at hand. Belgian withholding tax may still be due provided the Belgian paying agent intervenes during the pay out of the interest income. Moreover, special rules apply with respect to entities subject to the income tax regime for Belgian entities (see below).

#### Belgian resident individual private investors

The following tax treatment applies to individual Belgian residents, subject to Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*). Other rules can however apply in special situations: when Certificates are linked to the private investor's professional activity or when the taxpayer's transactions with respect to the Certificates fall outside the scope of the normal management of their private estate.

Generally speaking, any amount paid by the Issuer in excess of the issuance price of the Certificates at the maturity date or at early redemption, is taxable as interest.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any foreign withholding tax) has to be declared in the Belgian investor's personal income tax return and will be taxed at the rate of 25%.

If, on the contrary, a Belgian paying agent (e.g. a bank) is an intermediary during the pay-out of the interest, such intermediary will have to apply Belgian withholding tax at the rate of 25%, and the investor will no longer have the duty to report the interest in his personal income tax (special rules apply however with respect to income year 2012).

If the Certificates qualify as fixed income securities in the meaning of article 2, § 4 Belgian Income Tax Code, the interest income of the Certificates is taxable in the hands of each successive holders based on the duration that they have been holding the Certificates. This implies that the holders cannot avoid taxation by selling the Certificate before maturity or before redemption by the issuer. According to the tax administration, the taxable event for personal income tax purposes arises at the moment of sale if the holder transfers the Certificate to someone other than the issuer (although the Belgian tax administration agrees that such event does not trigger Belgian withholding tax where the investor is an individual, cfr. Circular letter of 25 January 2013). However, the viewpoint of the tax administration regarding personal income tax purposes is criticized by the majority of the commentators and it has already been overruled in a decision of the Court of Antwerp (decision of 12 March 2002). According to the majority of the authors and the Court of Antwerp, the taxable event can only occur when the Certificate is reimbursed to the final Holder by the issuer.

Where the Holder does not have any guarantee that the principal will be recovered and is not entitled to a guaranteed return either, it is – based on case law and viewpoints expressed by commentators - arguable that such Certificates do not qualify as fixed income securities, although the Belgian tax administration does not share this viewpoint.

If the Certificates are repurchased (whether or not on the maturity date) by the Issuer, the redemption bonus is taxable as interest at 25%.

Capital gains realized on the sale of the Certificates - except for the pro rata of accrued interest in the case of fixed income securities - are in principle tax exempt. The capital gains will however incur taxation at 33% if they are realized in a way which exceeds “the normal management of one's private estate”. Taxation of the capital gains will also occur if the Certificates are held by the investor as assets of his professional activity (taxation at the marginal rate).

### Tax treatment in the hands of Belgian corporations

Holders 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 Certificates.

Interest derived by Belgian corporate investors on the Certificates and capital gains on the Certificates will be subject to Belgian corporate income tax of 33.99%. Realized capital losses are in principle deductible. Moreover, the tax deductibility of unrealized capital losses can be argued provided that the Certificate does not qualify as an instrument similar to a bond. Therefore, it is arguable that non-realized losses on the certificate are tax deductible, provided that the Holder i) does not have any guarantee that the invested amount will be recovered, and ii) does not have any guaranteed return either.

Interest payments to a Belgian company made through a paying agent in Belgium may qualify for exemption from withholding tax provided the Certificate qualifies as similar to a bond loan and provided a certificate is delivered (articles 108 and 117, § 12 R.D./I.T.C.). Belgian withholding tax is due by the Belgian paying agent (if any), e.g. a Belgian bank which acts as an intermediary during the pay-out of the interest. When Belgian withholding tax was levied, such withholding tax is creditable against the corporate income tax due and reimbursable provided the legal requirements for creditability are met, subject to the conditions provided in article 280 of the Belgian I.T.C.

### Other 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 Certificates.

Any amount paid by the Issuer in excess of the issuance price of the Certificates at the maturity day or subsequent to early redemption is taxable as interest.

Payments of interest on the Certificates made through a paying agent in Belgium will in principle be subject to a 25% withholding tax in Belgium and no further tax on legal entities will be due on the interest. If the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the payment of 25% withholding tax itself.

If the Certificates qualify as fixed income securities in the meaning of article 2, § 4 I.T.C., Belgian legal entities are taxable on the *pro rata* of accrued interest corresponding to the detention period in case of a realization of the Certificates between two interest payment dates or before maturity / reimbursement by the issuer. Withholding tax on the portion of the accrued interest is also due by the legal entity if fixed income securities are being transferred prior to maturity (article 262,5° I.T.C.).

Capital gains realized on the sale of the Certificates are in principle tax exempt, unless the Certificates are repurchased by the Issuer (in which case the capital gain is taxable as interest) and except for the *pro rata* of accrued interest in the case of fixed income securities.

### 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 not taken into account for determining the taxable basis.



### Non-resident investors

The interest income on the Certificates paid through a Belgian intermediary to non-resident investors will in principle be subject to a 25% withholding tax subject to such relief as may be available under applicable domestic and tax treaty provisions.

Where the withholding tax is due, it is due by a Belgian paying agent (e.g. Belgian bank) provided it acts as an intermediary during the pay-out of the interest.

An exemption is available under Belgian domestic provisions in case of payment of interest on the Certificates through a (financial) intermediary established in Belgium, provided that such (financial) intermediary qualifies as a recognized credit institution, exchange company or clearing or settlement institution and pays the interest to non-resident beneficial owners directly, on the condition that such non-resident beneficial owner certifies that he or she (i) is a non-resident for Belgian income tax purposes, (ii) has not held the Certificates as part of a taxable business activity in Belgium, and (iii) is the legal owner, or holds the usufruct of the Certificates (art 230, 2<sup>o</sup>, b) ITC/92).

Moreover, the following exemptions apply in particular circumstances:

- (i) An exemption is available under Belgian domestic provisions in case of payment of interest on the Certificates through a (financial) intermediary established in Belgium, provided that such (financial) intermediary qualifies as a recognized credit institution, stock exchange company or clearing or settlement institution and pays the interest to certain qualifying credit institutions, financial intermediaries, clearing and settlement institutions or portfolio management companies established outside of Belgium, referred to in Article 261, par. 4 ITC/92).
- (ii) A second exemption is available under Belgian domestic provisions in case of payment of interest on the Certificates through a (financial) intermediary established in Belgium, provided that such (financial) intermediary qualifies as a recognized credit institution, stock exchange company or clearing or settlement institution and pays the interest to non-qualifying intermediaries, on the condition that such non-qualifying intermediary certifies that the beneficial owners (i) are non-residents for Belgian income tax purposes, (ii) have not held the Certificates as part of a taxable business activity in Belgium, and (iii) are the legal owners, or hold the usufruct of the Certificates (art 264bis ITC/92).

The non-resident companies or professionals who use the debt instruments to 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***

No Belgian Tax on Stock Exchange Transactions is due upon the issue of Certificates.

The sale and purchase of Certificates on the secondary market through a professional Belgian intermediary are subject to 0.09 % tax on stock exchange transactions in Belgium to the extent that the certificates qualify as bonds (which requires in our opinion at the least that the amount invested is guaranteed). This tax applies to both the acquisition and the sale of the Certificates. It is capped at € 650 per transaction and per party.

However, with respect to Certificates whereby the Holder does not have any guarantee that the principal will be recovered (this may e.g. be the case with fund etc. linked Certificates), it is questionable that such Certificates can be regarded as "bonds" for the application of Belgian legislation

regarding Tax on Stock Exchange Transactions. For such instruments, one should consider that the applicable rate is 0.25%, capped at € 740 per transaction and per party.

Transactions carried out by a number of investors for their own account are exempt:

- intermediaries as mentioned in article 2, 9° and 10° of the Law of 2 August, 2002 on the supervision of the financial sector and financial services;
- insurance companies as mentioned in article 2, §1 of the Law of 9 July 1975 on the supervision of insurance companies;
- pension funds (*instellingen voor bedrijfspensioenvoorziening / institutions de retraite professionnelle*) as mentioned in article 2, 1° of the Act of 27 October 2006 on the supervision of pension funds;
- UCITS; and
- non-residents (subject to an affidavit of non-residency).

### ***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).

## **11. Taxation in Czech Republic**

*The following is a general discussion of certain Czech tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all Czech tax considerations that may be relevant to a decision to purchase, hold or dispose of the Securities, 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 the Czech republic (“CR”) currently in force and as applied on the date of 1 January 2013, which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment. Investors should be aware that the statements below are of general nature and do not constitute legal or tax advice and should not be understood as such.*

*Prospective investors should consult their professional advisors to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Securities.*

### **11.1 Acquisition of Securities**

Provided the Securities are acquired by Czech tax residents, no withholding tax should be applicable in the CR to the acquisition price paid by them to the Issuer, provided (i) the Issuer is a tax resident of Italy, (ii) the Issuer is the beneficial owner of this income and (iii) the foregoing facts are sufficiently documented.

No transfer tax / stamp duties would be payable in the CR in connection with acquisition of the Securities.

### **11.2 Holding of Shares**

No stamp duties or wealth tax are payable in the CR from the Securities held by Czech tax residents.

However, any income resulting from the holding of the Securities (interest, dividends etc.) would be subject to income tax in the CR. Furthermore, it would be important to verify whether or not the changes in values of the Securities (due to changes in marker prices, FX changes etc.) would have any tax consequences in the CR.

#### *Personal Income Tax*

This tax would be payable by individuals – Czech tax residents. The general tax rate is 15%. In the case when the Czech resident investor is an individual entrepreneur and the Securities are part of its business assets, the application of social / health insurance charges and solidarity tax should be considered based on individual situation.

#### *Corporate income tax*

Any income of Czech legal entities (tax resident in the CR) resulting from the holding of the Securities in the form interest, dividends etc. would be generally subject to taxation in the CR. Corporate income tax applicable in the CR is 19%; however, certain types of income (e.g. dividends) may be subject to 15% special rate.

Although it is not likely that an exemption might apply to foregoing income in the case of the Securities, this should be considered as well. Generally, dividends could be exempt from corporate income tax in the CR if the recipient of the income (its beneficial owner) holds certain percentage on the share capital of the company that pays the income (at least 10% for at least 12 months)

#### *Double taxation avoidance*

In the case when the income paid to Czech tax residents by the Issuer is subject to withholding tax in Italy (or any other country), the Czech recipient of the income should generally be able to avoid the double taxation by using the method specified in the relevant Double Tax Treaty (e.g., he should be able to offset the tax paid abroad against his Czech tax liability). Details and specific conditions should be determined based on the individual situation of the owner of the Securities.

### 11.3 Sale / Realization of Shares

No transfer tax would be payable in the CR upon the Sale / Realization of the Securities. However revenues resulting from the Sale / Realization of the Securities would generally be subject to income tax in the CR.

#### *Personal Income Tax*

This tax would be payable by individuals – Czech tax residents. The general tax rate is 15%. In the case when the Czech resident investor is an individual entrepreneur and the Securities are part of its business assets, the application of social / health insurance charges and solidarity tax should be considered based on individual situation. The tax base would generally be the difference between then selling / realization price and the acquisition price.

Generally, if the Securities are considered as securities (“cenné papíry”) under the Czech law and are not part of business assets of an individual entrepreneur, the income from the sale of the Securities could be exempt if the holding period exceeds 6<sup>6</sup> months and the amount of securities owned by the investor is less than 5% of the share capital of the Issuer.

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<sup>6</sup> This period may be extended to 3 years since 2014.

### *Corporate income tax*

Any income of Czech legal entities (tax resident in the CR) resulting from the Sale realization of the Securities in the form interest, dividends would be generally subject to taxation in the CR. Corporate income tax applicable in the CR is 19%.

Although it is not likely that an exemption might apply to foregoing income in the case of the Securities, this should be considered as well. Generally, income from the sale of the Securities could be exempt from corporate income tax in the CR if the recipient of the income (its beneficial owner) holds certain percentage on the share capital of the company that pays the income (at least 10% for at least 12 months).

#### 11.4 VAT issues

Generally, the income resulting from the holding or the sale of Securities may have implications of the holder's VAT position. Each holder is therefore recommended verifying this with his professional tax advisor.

## **12. Taxation in Slovakia**

*The purpose of the summary below is to provide a general overview of the relevant Slovak tax rules based on the laws in force in Slovakia as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. Please note that Investors in the Securities should consult with their professional advisers particular circumstances which should be examined and considered in detail.*

### **Income tax**

In general, the income tax imposed on a natural person is 19% from the tax base which shall not exceed EUR 34,401.74; if exceeded, the 25% income tax rate shall apply in relation to the excess of the tax base. Income tax of corporations is 23% from the tax base lowered by the tax loss.

### **Residents**

An individual is a Slovak resident if his domicile (a registered permanent stay) or habitual place of abode (a physical presence for more than 183 days in a calendar year) is in Slovakia. 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).

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

### ***Interest***

Interest income earned from the securities is taxed at the general progressive rates (19% and 25%) in case of individuals and at the rate of 23% in case of corporations. Notwithstanding this, the interest income from a certain type of securities or securities with the specific features, provided it has a source in Slovakia, may be subject to a withholding tax of 19%. The tax is to be withheld by a paying entity at the moment of payment. The tax withheld could have an effect of final taxation or the taxpayer could offset it against the tax due in the same fiscal period.

### ***Capital gains***

*Individual investors holding the securities as a non-business asset*

Capital gains from the sale of the securities are taxed at the general progressive rates (19% and 25%). A loss from the sale of the securities shall not be offset against gains from the sale of the securities or other securities in the same fiscal period.

The tax base shall be equal to the taxable income lowered by 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 securities, or when there is no purchase then the price for the securities determined at the time when the securities were acquired, and the expenses related to the acquisition or purchase of the securities.

Capital gains from the sale of the securities will be exempt from Slovak personal income tax if the aggregate of the tax base does not exceed the flat amount of EUR 500. If the above mentioned limit is exceeded, only the excess amount is included in the tax base.

#### *Corporations and individual investors holding the securities as a business asset*

Capital gains from the sale of the securities are taxed at the general progressive rates (19% and 25%) in case of individuals and 23% in case of corporations. In the case of the sale of securities, a loss is generally treated as a tax non-deductible expense. However, a loss from the sale of the securities may be offset against the gains from the sale of the securities in the same fiscal period.

Under the following conditions the loss incurred is entirely accepted as a tax deductible expense: (i) securities traded at a stock exchange, the acquisition cost of which is not higher, and the proceeds from the sale of which are not lower than a deviation of 10% from the average quotation published by the stock exchange on the date of purchase or sale, or, if the securities are not traded on such a date, from the last published average quotation; as regards the securities above, the expense shall be equal to the acquisition cost of shares, or, with respect to other securities, the acquisition cost adjusted by the valuation difference arising out of valuation at the fair market price which is included in the tax base; (ii) 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 (iii) for taxable parties which are engaged in the trading with securities pursuant to applicable legislation, and which may deduct the expense of the acquisition of securities up to the amount posted as their cost.

#### **Non-residents**

Non-residents (both individuals and corporations) are taxed only on Slovak-source income. The interest income earned from the securities paid out by a Slovak tax resident or a permanent establishment of a Slovak tax non-resident to a Slovak tax non-residents are taxed at the domestic withholding tax rate of 19% unless such rate is reduced by a double taxation treaty or exempt under the EU interest and royalties directive. The responsibility for withholding of the tax at source is vested with the Slovak tax resident or a permanent establishment of a Slovak tax non-resident making the relevant payment.

#### **EU Savings Directive**

The Slovak Republic has implemented the Directive 2003/48/EC on taxation of savings income in relation to interest payments. As a result, an exchange of information between tax authorities applies. Pursuant to the Act on Tax Administration, a Slovak paying agent, who pays interest income to an individual beneficial owner from another EU Member State or from a dependent or associated territory of a Member State, is obliged to provide specific information about such payment to the tax authorities by 31 March for the previous calendar year.

Interest income subject to the automatic exchange of information constitutes, inter alia, income incurred from participation certificates, bonds, certificates of deposit, treasury bills and other securities of similar characteristics during the holding of such a financial instrument or income accrued at the sale, refund or redemption of the financial instrument.

#### **Withholding tax in relation to Securities**

Provided that (i) the Securities shall be issued outside the Slovak Republic, (ii) the Issuer shall be a Slovak tax non-resident and (iii) all payments in relation to Securities shall be executed by the Issuer or

by the entity executing such payments on behalf of the Issuer, any income earned from the Securities shall be qualified as the income having a source outside the Slovakia and as such shall not be subject to withholding tax in Slovakia.

### **Other taxes**

There is no inheritance tax, gift tax, ownership tax or transfer tax in the Slovak Republic.

However, if securities are donated by an employer to a Slovak tax resident who is an employee, or if securities are donated to a Slovak tax resident who is self-employed and these securities are donated in connection with the carrying out of this self-employment, the value of the gift is subject to Slovak income tax and related health insurance contributions. The value of gift is also subject to the Slovak social insurance contributions since the assessment base for social insurance purposes generally follows the tax base of the individual (employee or self-employed person), although some exemptions may apply.

**Although the dividends are not subject to income tax in Slovakia, it is to be noted that they may be subject to health insurance contributions.**

## **13. Taxation in Hungary**

*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 Hungary and as applied on the date of this Base Prospectus, which may be subject to change, possibly with retroactive or retrospective effect. It is not intended to be, nor should it be construed to be, legal or tax advice, therefore should be treated with appropriate caution. This is a general discussion and does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in Securities in Hungary. Prospective investors in the Securities who are in any doubt as to their tax position should consult their own professional advisers.*

### **Taxation of resident private individuals**

#### *Personal Income Tax*

Resident private individuals shall be subject to tax liability in respect of all their income (all-inclusive tax liability).

#### *Income from Controlled Capital Market Transactions*

Transactions with Securities according to the Hungarian Personal Income Tax laws are generally considered as controlled capital market transactions. This general rule allows the Security owners to use special – simplified and consolidated – taxation rules for the aggregated profit/loss realized on the transactions with Securities.

**Controlled capital market transaction** means any transaction concluded with an investment service provider, or with the help of an investment service provider involving financial instruments (other than privately placed securities) or commodities, as well as foreign exchange or currency, where such deals are concluded by prompt financial settlement (except for transactions where a price - other than the fair market value - is used as specified by the investment service provider's customer and/or the parties he represents), and (a) if executed within the framework of activities supervised by the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority), or (b) that is concluded with an investment service provider, or with the help of an investment service provider, operating in the money markets of any EEA Member State and if executed within the framework of activities supervised by the competent authorities of that State, and for which the private individual has a certificate made out by the investment service provider to his name, containing all data and information for each and every transaction concluded during the tax year for the assessment of his tax liability.

**Income from controlled capital market transactions** mean the profit realized on controlled capital market transaction(s) the private individual has made during the tax year (calendar year), and received in money from all such transactions (total profit realized on transactions) that is in excess of the total losses the investment service provider has charged to the private individual in connection with a given transaction or transactions, and paid during the tax year (total loss realized on transactions). Losses on controlled capital market transactions shall include the sum of total loss realized on transactions that is in excess of the total profit realized on transactions. If the private individual realized any loss in connection with a controlled capital market transaction during the two years preceding the current tax year, and if this loss is indicated in his tax return filed for the year when the loss was realized, the private individual shall be entitled to tax compensation that may be claimed as tax paid in the tax return.

The investment service provider recognized as a payer shall disclose to the state tax authority the information contained in the documents (certificates of execution) he has made out by 15 February of the year following the tax year - indicating the private individual's name and tax identification number - concerning the income the private individual has realized from transactions executed during the tax year. In connection with controlled capital market transactions the investment service provider is not subject to the obligation of tax (tax advance) deduction.

The private individual affected shall assess the profit realized on such controlled capital market transaction(s) and the tax payable on such income relying on the documents (certificates of execution) made out by the investment service provider or on his own records, and shall declare them in his tax return filed for the tax year, and shall pay the tax by the deadline prescribed for filing tax returns.

The tax payable on the income from controlled capital market transactions is 16 per cent. of the tax base.

In any other cases, when the transaction does not consider as a controlled capital market transaction (failure to comply with the conditions mentioned above), the calculation of profit/loss on Security transactions could result in a different tax base, tax payment, where consultancy with a tax advisor is advisable.

#### *Withholding tax*

As long as the income from the transaction - according to the tax regulations of the payer's country legislation – is considered as dividends, it may be limited taxable by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. The rate of withholding tax is 20% in Ireland, which shall be moderated based on the double taxation treaty between Ireland and Hungary. The tax paid in the source country shall be deductible from the tax payable in the resident country. Generally, in case of any other type of income, the withholding tax shall not be levied (0%) by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer.

#### **Taxation of resident entities**

##### *Corporate Tax and Dividend Tax*

The tax liability of resident taxpayers shall apply to their income from Hungary and from abroad, both (total tax liability).

In general, the interest and capital gain realized on the transactions with Securities by resident entities will be the part of their pre-tax profit/loss and will be taxable in the same way as the income from the regular operation where pre-tax profit, adjusted with the tax base modifying items shall represent the corporate tax base.

The corporate tax rate is 10 per cent. of the positive tax base up to five 500 million forints (appr. EUR 1.6 million) and 19 per cent. of the above part.

#### *Duties and Local Business Tax for resident tax payers (individual and corporate)*

The Securities should be classified as movable tangible properties in respect of duties. In case of inheritance, gifting or quid pro quo transfer of property of Securities it is necessary to count with the occurrence of duty paying liability. The general rate of inheritance and gift duty is 18 per cent. of the net worth of the inheritance or gifts received by any one heir, legatee or donee. The general rate of duty on the quid pro quo transfer of property is 4 per cent..

The interest received on Securities held by credit institutions, financial enterprises, insurance companies or investment firms can be subject to Local Business Tax. Generally, in case of other tax payers, the interest received is not part of the local business tax base.

#### *Withholding tax*

The legislation of withholding tax for resident entities is similar to resident private individuals, and it is regulated in the double taxation treaty.

### **Taxation of non-resident private individuals**

#### *Personal Income Tax*

**Non-resident private individual** shall mean all natural persons other than resident private individuals. The tax liability of non-resident private individuals shall apply to income that originates in Hungary as the place of gainful activity or is taxable in Hungary by virtue of international agreement or reciprocity (limited tax liability).

### **Taxation of non-resident entities**

#### *Corporate Tax and Dividend Tax*

Foreign nationals shall be deemed taxpayers, as well as non-resident entities whose head office is located abroad if they (a) carry out business operations at their branches in Hungary, provided that they are not considered resident taxpayers due to the location of their head office (**non-resident entrepreneurs**) or (b) obtain any income through the transfer or withdrawal of participating interest in a company with real estate holdings (**member of a company with real estate holdings**).

The tax liability of non-resident entrepreneurs shall apply to their income from business operations performed in their Hungarian branches (limited tax liability).

When establishing the corporate tax, resident taxpayers and non-resident entrepreneurs shall adjust the tax base so that it contains no income that is subject to taxation abroad, if so prescribed by international treaty. In other cases, resident taxpayers and non-resident entrepreneurs may deduct from the corporate tax any tax paid (or payable) abroad that is equivalent to corporate tax.

#### *Duties for non-resident tax payers*

In general the rules of duties for the non-resident individuals and entities are the same.

The rules of inheritance duty should be applied to all heritage located in Hungary. The same provisions should be applied to the movable tangible properties (Securities) inherited by a Hungarian citizen or a non-Hungarian citizen residing in Hungary or a legal entity established in Hungary, where the heritage



is situated abroad if no inheritance duty or tax corresponding thereto is payable in the state in which such heritage is situated.

The provisions governing duties on gifts and transfer for consideration of property shall apply to moveable tangible properties (e.g. the Securities), unless otherwise provided for by an international agreement.

If the transfer of movable tangible property took place in Hungary, the owner of that movable tangible property should calculate with the duty paying liability, in line with the general rules mentioned regarding resident private individuals.

## **14. Taxation in the Republic of Slovenia**

*The following is a general description of certain Slovenian tax considerations relating to the Securities, 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 Securities and the interest and may not apply to certain classes of investors. Prospective purchasers of the Securities 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 Securities and receiving payments of interest, principal and/or other amounts under the Securities. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

### **1. Taxation of individuals**

#### **Residents and non-residents**

In accordance with the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), an individual is deemed to be a resident of Slovenia if his registered permanent address, habitual place or the centre of his personal and economic interests is in Slovenia. In addition, any person who has been present in Slovenia in a tax year for more than 183 days in the aggregate is deemed to be a resident in the tax year. Resident individuals are subject to income tax on their worldwide income. In general, all income, profits and gains are taxable, unless specifically exempt by law.

In accordance with the Personal Income Tax Act, non-residents are subject to tax on income derived from a source in Slovenia. Withholding tax is generally levied at a rate of 25%. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty, with the holder applying for a refund with the Slovenian tax authorities providing proof of eligibility.

#### **Taxation of financial derivatives**

Under the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), capital gains from the sale or other disposition of debt securities and other financial derivatives held as non-business assets are in general exempt from taxation. Capital gains derived from the alienation of financial derivatives (as defined in the Article 7 of the Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov; ZTFI*) and debt securities (except for coupon debt securities and discount debt securities) by a resident individual are taxed at the rate of 40% (in the first 12 months of holding) and 25% (in the following 4 years of holding) according to the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov; ZDDOIFI*). The tax rate is further reduced by 10 percentage points for the next 5 years of holding, so that the rate of 15% applies after 5th year of holding, and further by 5 percentage points for each following 5 years of holding so that 10% and 5% tax rate applies after the 10th and 15th year of holding, respectively. After the 20th year of holding 0% tax rate applies. Tax return must be filed by Slovenian tax resident (Individual) until 28th February for previous year. Slovenian tax residents are taxed based on the principle of worldwide income; any income - deriving from Slovenia or abroad - is subject to taxation. If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief.

## **Taxation of interest**

Under the Slovenian tax laws currently in effect, the payment of interest on the debt securities (as defined in the Article 81 of the Slovenian Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*) in accordance with their terms and conditions to a resident individual (within the meaning of the relevant provisions of ZDoh-2) will generally be subject to tax at a flat rate of 25%. (levied by way of withholding or by way of assessment), provided that these qualify as non-business assets. Income from a disposal or repurchase by the issuer of discounted debt securities (including non-coupon debt securities) shall also be considered as interest income (in accordance with the Article 88 of ZDoh-2). Tax return must be filed by Slovenian tax resident (Individual) quarterly within 15 days after quarter if finished.

Pursuant to the Article 54 of ZDoh-2 interest on Securities issued in series held by a resident individual as business assets will generally qualify as non-business income, in which case it would be subject to the flat rate of 25% as described above, instead of the progressive tax rate of up to 50%, which generally applies to business income.

If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief. However, according to EU Savings Directive (2003/48/ES), local Personal Income Tax Act (Article 141 of ZDoh-1) enables residents to make full deduction of tax paid on foreign-source interest received. If tax paid abroad exceeds tax payable in Slovenia, the tax payer will be reimbursed for the difference.

## **Taxation of dividends and capital gains**

Dividends and other profit distributions are taxed by way of a 25% final withholding tax.

In general, individuals are subject to income tax on their capital gains if derived from the disposal of immovable property, shares and other participation rights, investment coupons etc. Taxable capital gains are generally taxed at a 25% final tax rate. After five years of holding, capital gains are taxed at a 15% final tax rate. The rate is later reduced by five percentage points per each five years of holding. Consequently, any gains are exempt after a 20 year-holding. Capital gains derived from the alienation of financial derivatives are not taxed according to this rule but are taxed only as described previously under *Taxation of financial derivatives*.

## **Inheritance and gift taxation**

Individuals and private law entities (within the meaning of the Article 3 of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila; ZDDD*) are subject to Slovenian inheritance and gift tax in case of a transfer of the Securities mortis causa or inter vivos. The rate of such tax depends upon the value of the assets transferred and upon the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand. An exemption may apply in certain cases, such as to transfers between direct descendants and between spouses, as well as to a transfer of movable property the total value of which does not exceed EUR 5,000.

## **Withholding tax**

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and other incomes if such taxable income is paid by local tax payer. In other cases, tax return must be filed by individual upon receipt of such income.

## **EU Savings Directive**

EU Savings Directive has been incorporated in sub-chapter 10 of chapter 1 of part five of Slovenian Tax Procedure Act (*Zakon o davčnem postopku; ZDavP-2*) and has come into force on 1st July 2005.

For further information please refer to the paragraph below, headed *EU Savings Directive*.

### **No gross-up for taxes withheld**

Purchasers of the Securities 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 Securities, 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 Securities.

For further information please refer to the paragraph below, headed *The proposed financial transactions tax*.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Slovenia.

## **2. Taxation of corporations**

Under the Slovenian tax laws currently in effect, the payment of interest on the Securities in accordance with their terms and conditions within the meaning of the relevant provisions of the Slovenian Corporate Income Tax Act (*Zakon o davku od dohodkov pravnih oseb; ZDDPO*) received by (i) a legal person resident for tax purposes in the Republic of Slovenia; or by (ii) a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for tax purposes in the Republic of Slovenia, is considered as a part of the overall taxable income. The Corporate Income Tax is levied on the net profits, defined according to the profit and loss account, as stipulated by the law and the Accounting Standards. The tax rate is 15% however, according to transitional provisions 17% tax rate applies in the year 2013, 16% tax rate applies in the year 2014, and 15% tax rate applies from the year 2015 onwards.

### **Withholding tax**

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and some other payments if such payments have source in Slovenia and are paid abroad.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Slovenia.

## **3. Financial Services Tax**

The subject of taxation according to Financial Services Tax Act (*Zakon o davku na finančne storitve; ZDFS*) are the following services: a) granting and negotiation of credit or loans in monetary form and the management of credit or loans in monetary form by the person who is granting the credit or the person who is granting the loan; b) issuing of credit guarantees or any other security for money and management of credit guarantees by the person who is granting the credit; c) transactions, including negotiation, concerning deposit and current or transaction accounts, payments, transfers, debts, cheques and other negotiable instruments; d) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender; e) services provided by insurance brokers and agents.

A taxable person shall be any person who provides the financial services in the territory of the Republic of Slovenia. It shall be deemed that a financial service referred to in Article 3 of this Act has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a fixed establishment from which such financial service is provided or has his usual or permanent place of residence in the territory of Slovenia. It shall be also deemed that a financial service has been provided in the territory of Slovenia if it is provided by a person who has established his business or

has a place of establishment from which the service is provided or has or has his usual or permanent place of residence outside Slovenia, but may, in accordance with the existing legislation, provide the financial services in the territory of Slovenia directly to clients or recipients of services who have established their business or have a place of establishment or their usual or permanent place of residence in the territory of Slovenia.

Applicable tax rate is 6,5% and is chargeable on the commission of a financial service. It shall be deemed that a financial service has been provided when a fee for the commission of the service has been paid. The fee referred to in the preceding paragraph shall exclude interest payable by a contractor of services to a taxable person for the provision of the agreed financial service when such interest does not constitute the payment of fees by a taxable person for the service provided.

## **15. Taxation in Ireland**

*The following is a summary of the Irish withholding tax treatment of the Securities. 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 Securities.*

The summary is based upon the laws of Ireland and the published practices of the Revenue Commissioners of Ireland as in effect on the date of this Base Prospectus. Prospective investors in the Securities should consult their own advisers as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Securities including, in particular, the effect of any state or local law taxes, if applicable.

### **Irish Withholding Tax**

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- 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
- 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 Securities is connected, nor are the Securities 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 Securities, 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 Securities.

Separately, for as long as the Securities are quoted on a stock exchange, a purchaser of the Securities 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 Securities.

### **Irish Encashment Tax**

Payments on any Securities paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Securities 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 Securities 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.

## **16. Taxation in Poland**

*The following information of certain Polish taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following information does not purport to be a comprehensive description of all the tax consequences and considerations that may be relevant to acquisition, holding, disposing and redeeming of or cancelling (as applicable) the Securities, and does not purport to deal with the tax consequences applicable to all categories of investors.*

*The following information is not intended to be, nor should it be construed to be, legal or tax advice. It is recommended that potential purchasers of the Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding, sale or redemption.*

### **Taxation of Polish resident individuals**

#### *Polish resident individuals*

Individuals having their place of residence in Poland ("Polish Resident Individuals") are subject to Polish Personal Income Tax ("PIT") on their worldwide incomes irrespective of the country from which the incomes were derived.

#### *Taxation of income from the disposal of Securities*

Income earned by Polish Resident Individuals on the disposal of Securities should be classified as capital gains realised on the sale of securities and as such it will not be combined with income from other sources but will be subject to the 19 per cent. flat PIT rate. The income is calculated as the difference between the revenue earned on the disposal of Securities (in principle, the selling price) and the related costs (in principle, the Issue Price). The tax is settled on an annual basis. An annual tax return should be filed by April 30 of the calendar year following the year in which the income was earned.

#### *Taxation of interest under Securities*

The amount of interest under Securities earned by a Polish Resident Individual should not be combined with income from other sources and will be subject to the 19 per cent. flat PIT rate. Unless a tax remitter withholds the tax, the tax is settled by Polish Resident Individual. An annual tax return should be filed by April 30 of the calendar year following the year in which the income was earned.

### **Taxation in Poland of Polish resident entities**

#### *Polish resident entities*

Entities having their seat or place of management in Poland ("Polish Resident Entities") are subject to Polish Corporate Income Tax ("CIT") on their worldwide incomes irrespective of the country from which the incomes were derived.

#### *Taxation of income from the disposal of Securities*

Income earned by Polish Resident Entities on the disposal of Securities is subject to the 19 per cent. CIT rate. The income is calculated as the difference between the revenue earned on the disposal of Securities (in principle, the selling price) and the related costs (in principle, the Issue Price). Tax advances are generally paid on a monthly basis (however, some categories of CIT taxpayers may pay tax advances on a quarterly basis). The final tax reconciliation is made in the annual CIT return filed within three months of the end of the tax year.

#### *Taxation of interest under Securities*

The amount of interest earned by a Polish Resident Entity under Securities is subject to the 19 per cent. CIT rate. Tax advances are generally paid on a monthly basis (however, some categories of CIT taxpayers may pay tax advances on a quarterly basis). The final tax reconciliation is made in the annual CIT return filed within 3 months of the end of the tax year.

### **Taxation in Poland of non-resident individuals and entities**

#### *Taxation of income from the disposal of Securities*

Individuals and entities that are Polish non-residents will not generally be subject to Polish taxes on income resulting from the disposal of Securities unless such income is attributable to an enterprise which is either managed in Poland or carried on through a permanent establishment in Poland. However, some double tax treaties concluded by Poland may provide for a different tax treatment (for example, in case of the disposal of Securities in a real estate company). In addition, in the case of individuals resident in a country which does not have a binding double tax treaty with Poland, there may be a risk of taxation of the types of income referred to in this paragraph, in the case of the disposal/redemption/cancellation of Securities issued by a public company quoted on the Polish Stock Exchange.

#### *Taxation of interest under Securities*

The interest income on the Securities paid through a Polish intermediary to non-resident investors will in principle be subject to a 20% withholding tax subject to such relief as may be available under applicable domestic and tax treaty provisions. According to current position of the tax authorities, in case of payments relating to the Securities made in favour of the individual non-residents the withholding should be collected by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. However, in case of payments made in favour of non-resident entities, withholding tax should be always collected by the Issuer.

### **EU Directive on Taxation of Savings Income**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, Poland will provide to the tax authorities of another EU Member State (and certain non-EU countries and associated territories specified in that directive) details of payments of interest or other similar income paid by a person within Poland to, or collected by such a person for, an individual resident in such other state.

## **17. EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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, or collected by such person for, an individual resident or certain limited types of entity established in that other Member State or to certain

limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

#### **18. EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax ("**EU Financial Transaction Tax**") by way of the so-called enhanced cooperation procedures. Eleven Member States participate in this legislation procedures ("**Participating Member State**") among which are, inter alia, Germany, Spain, France, Italy and Portugal. The European Commission (the "**Commission**") published a formal proposal for a Council Directive implementing enhanced cooperation in the area of EU Financial Transaction Tax ("**Directive**"). Pursuant to such Directive, Participating Member States are entitled to apply a EU Financial Transaction Tax to all financial transactions as of 1 January 2014 on the condition that (i) at least one party to the financial transaction is established in the territory of a Participating Member State and (ii) that a financial institution established in the territory of a Participating Member State is party to such transaction, acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction. The scope of the Directive is very broad so that EU Financial Transaction Tax might also be levied in case none of the financial institution is established in the territory of a Participating Member State but the financial instrument has been issued within the territory of a Participating Member State. In such case, both of the parties to the transaction are deemed to be established in the Participating Member State in which the financial instrument has been issued. Receipts from Securities may be lowered by the application of the EU Financial Transaction Tax if the above conditions are met.

#### **19. U.S. Foreign Account Tax Compliance Withholding**

The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 (or the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment", if later) in respect of (i) any Securities 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 or materially modified after the later of (a) 31 December 2013, or (b) the date that is six months after the date on which the final regulations defining the term "foreign passthru payment" are filed in the Federal Register pursuant to the foreign account tax compliance provisions (FATCA) of the Hiring Incentives to Restore Employment Act of 2010 and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. In addition, pursuant to the Conditions of the Securities, the Issuer may issue further Securities (Further Securities) in respect of any Series of Securities already issued (Existing Securities) such that the Further Securities shall be consolidated and form a single Series with the Existing Securities. An issue of Further Securities after 31 December 2013 that will be consolidated and form a single Series with, and have the same operational identification numbers as Existing Securities issued on or before 31 December 2013 may result in such Existing Securities also being subject to withholding.

Under existing guidance, this withholding tax may be triggered if (i) the Issuer is a foreign financial institution (FFI) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (IRS) to provide certain information on its account holders (making the Issuer a Participating FFI), (ii) the Issuer is required to withhold on "foreign passthru payments", and

(iii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) an investor does not consent, where necessary, to have its information disclosed to the IRS, or (c) any FFI that is an investor, or through which payment on such Securities is made, is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, 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 on how these rules may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities is uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

## **20. U.S. Dividend Equivalent Withholding Tax**

The United States Hiring Incentives to Restore Employment Act (the HIRE Act) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Under issued temporary and proposed regulations, a dividend equivalent payment also includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the Securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the Securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the Securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.



## GENERAL INFORMATION

### (1) Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 11 March 2013. For the issue of any Series of Certificates under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

### (2) Listing, Approval and Admission to Trading

This Base Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank 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 Certificates which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC as amended and/or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange for Certificates issued under the Programme during the period of twelve months after the date hereof to be admitted to the Official List and trading on the Main Securities Market, which is a regulated market for the purposes of the Directive 2004/39/EC as amended.

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

### (3) Programme Size

The aggregate nominal amount of Certificates outstanding from time to time will not exceed €2,000,000,000.

### (4) 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 (iv) will be available for inspection only:

- (i) the constitutional documents of the Issuer;
- (ii) the audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 2011 and the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 2011;
- (iii) the most recently published audited annual consolidated and non-consolidated financial statements and the most recently published unaudited semi-annual consolidated and non-consolidated financial statements (if any) of the Issuer;
- (iv) the Agency Agreement and the forms of the Global Securities;
- (v) a copy of this Base Prospectus;
- (vi) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Security which is 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 will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the relevant Security Agent as to its holding of Securities and identity) and any other documents incorporated herein or therein by reference; and

- (vii) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

A copy of this Base Prospectus (and the information incorporated by reference therein) and any Final Terms that are listed on the Irish Stock Exchange will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) and of the Issuer (<http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html>). Any Final Terms that are not listed on the Irish Stock Exchange but which relate to a Security which is offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published on the website of the Issuer only.

**(5) Clearing Systems**

Securities to be represented by a Global Security have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code and ISIN for each issue of Securities allocated by Euroclear and Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. If the Securities of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**(6) Conditions for determining price**

The price and amounts of Securities to be issued under the Programme will be determined by the Issuer and any Manager(s) at the time of issue in accordance with prevailing market conditions.

**(7) Significant or Material Adverse Change**

There has been no significant change in the financial or trading position of the Issuer since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.

**(8) 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.

**(9) Post-issuance Information**

Save as set out in the applicable Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any reference entity or reference entities or any other asset or basis of reference in relation to any issue of Securities constituting Derivative Securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

**(10) External Auditors**

Reconta Ernst and Young S.p.A., with registered office at Via G. D. Romagnosi 18/A, 00196 Rome, was appointed by the Issuer as its independent auditor to audit its financial statements for the period 2007-2011. Reconta Ernst & Young S.p.A. is a member of *Assirevi-Associazione Nazionale Revisori Contabili*, the Italian association of auditing firms. Reconta Ernst & Young S.p.A. audited the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2011, which are incorporated by reference in this Base Prospectus.

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 year ending 31 December 2012, which are incorporated by reference in this Base Prospectus.

**THE ISSUER**

**Banca IMI S.p.A.**  
Largo Mattioli, 3  
20121 Milan

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**CALCULATION AGENT**

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**LEGAL ADVISERS TO THE ISSUER**

*as to English law and Italian law*

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