

**FIRST SUPPLEMENT DATED 15 NOVEMBER 2013 TO THE BASE PROSPECTUS DATED  
28 JUNE 2013**



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

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

**CREDIT LINKED CERTIFICATES PROGRAMME**

This first supplement (the **First Supplement**) to the Base Prospectus dated 28 June 2013 (the **Base Prospectus**) constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**) and is prepared in connection with the Credit Linked Certificates Programme (the **Programme**) established by Banca IMI S.p.A. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

This First Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus issued by the Issuer.

This First Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this First Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

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

**1. PURPOSE OF THIS SUPPLEMENT**

The purpose this First Supplement is to reflect certain commercial needs of the Issuer. In particular, the First Supplement:

- (i) adds the Basket of Reference Entities as Underlying, together with the relevant provisions concerning its functioning;
- (ii) inserts the "Plus Amount" feature, which provides the unconditional payment of one or more Plus Amount(s), during the lifetime of the Certificates and/or at maturity; and
- (iii) updates certain information and corrects some omissions contained in the Base Prospectus.

The following sections will be amended and/or updated, as the case may be and as better specified under paragraphs 2 to 6 of this First Supplement:

- Summary of the Programme;
- Risk Factors;
- Overview of the Programme;
- Terms and Conditions of the Securities; and

- Form of Final Terms.

## **2. AMENDMENTS TO THE "SUMMARY OF THE PROGRAMME"**

### **I. The section C.8 "*Description of rights and ranking*" of the Summary of the Programme on page 17 is hereby integrated with the following sentence:**

"PLUS AMOUNT(S)

If so specified in the applicable Final Terms, each Certificate provides the unconditional payment of one or more Plus Amount(s). Such Plus Amount(s) will not be linked to the performance of the Reference Entities and will not affect the provisions for the calculation of any other amount set out in the relevant Final Terms. "

### **II. The first and the second sentence in section C.15 "*Description of how the value of the investment is affected by the value of the underlying instrument*" of the Summary of the Programme on page 17 are amended as follows:**

"The Certificates are linked to the credit performance of one or more Reference Entities and their value depends on whether a 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(ies) and the corresponding market estimate of its probability of default over the term of the Certificates.

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(ies). 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."

and the following sentence is hereby added:

"In case of Nth-to-default Credit Linked Certificates, the satisfaction of the Conditions to Settlement will be determined with reference to the Nth Reference Entity. In case of Pro Rata Credit Linked Certificates, each Reference Entity will contribute to the calculation of the Cash Settlement Amount and/or Remuneration Amount in the relevant amount/percentage set out by the Issuer in the applicable Final Terms."

### **III. The provisions related to "CASH AMOUNT UPON OCCURRENCE OF CREDIT EVENT" and "REMUNERATION AMOUNTS" in section C.18 "*Description of how the return on derivative securities takes place*" of the Summary of the Programme on page 18 are integrated as follows:**

"CASH AMOUNT UPON OCCURRENCE OF CREDIT EVENT

Upon satisfaction of the Conditions to Settlement:

- (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:
  - i. a fixed amount set out by the Issuer in the applicable Final Terms, or
  - 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").
- (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").

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.

In case of Pro Rata Credit Linked Certificates, on the Scheduled Settlement Date, if a Credit Event has occurred and the Conditions to Settlement are satisfied with respect to any Reference Entity, the Securities will be redeemed at maturity as follows:

- (i) If the applicable Settlement Method is Auction Settlement, by payment of an amount equal to the sum of (A) the Issue Price minus the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied and (B) only with regard to each Reference Entity in respect of which the Conditions to Settlement are satisfied, the product of (i) the relevant Pro Rata Principal Amount and (ii) the relevant Auction Final Price;
- (ii) If the applicable Settlement Method is Cash Settlement:
  - (a) if the Issuer opts for option a) in the definition of Credit Event Cash Settlement Amount, by payment of an amount equal to the sum of (A) the Issue Price minus the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied and (B) only with regard to each Reference Entity in respect of which the Conditions to Settlement are satisfied, the product of (i) the relevant Pro Rata Principal Amount and (ii) the relevant Final Price; or
  - (b) if the Issuer opts for option b) in the definition of Credit Event Cash Settlement Amount, by payment of an amount equal to the difference, where positive, between (A) the Issue Price and (B) the sum of the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied.

In case of Nth-to-default Certificates, the Conditions to Settlement are not satisfied until they are satisfied with respect to the "Nth" Reference Entity, which means the Reference Entity in relation to which the Credit Event has occurred in the specified chronological order (as indicated in the relevant Final Terms) in respect of the other Reference Entities. Therefore, the Issuer will consider the Nth Reference Entity in relation to which a Credit Event occurred (e.g. if Second to default, the second Reference Entity affected by the Credit Event; if Fourth to default, the fourth Reference Entity affected by the Credit Event) as the Reference Entity.

#### REMUNERATION AMOUNTS

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 :

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

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.

In case of Pro Rata Credit Linked Certificates:

- i) If the criteria under a) above is specified as applicable in the relevant Final Terms, the Securityholder will receive, in relation to the relevant Remuneration Period, only the Remuneration Pro Rata Amounts of the Reference Entities in respect of which the Conditions to Settlement are not satisfied;
- ii) If the criteria under b) or c) above are specified as applicable in the relevant Final Terms, if a Credit Event has occurred and the Conditions to Settlement are satisfied with respect to any Reference Entity, the Notional Amount on which the relevant Remuneration Amount accrues during the life of the Securities will be reduced by the relevant Remuneration Pro Rata Notional Amount for such Reference Entity. The Remuneration Amount will accrue on the basis of the reduced Notional Amount from (and including) the first day of the Remuneration Period for which the relevant Remuneration Payment Date has not occurred on or prior to the date on which the Conditions to Settlement are satisfied.

For avoidance of doubt, in case of Pro Rata Credit Linked Certificates, the Issuer may elect to apply in each Remuneration Period one of the methods described above under a), b), c), i) or ii) above."

"PLUS AMOUNTS

Plus Amount(s) payable in respect of each Certificate on each Plus Payment Date may be set out in the relevant Final Terms. Such amount(s) will not affect the calculation of the amounts mentioned above and will be paid regardless of the performance of the Reference Entities."

**IV. Section D.6 "Key risks specific to the securities" of the Summary of the Programme on page 21 is hereby integrated inserting the following sentence to the last line of the risk factor "(vii) Certain Considerations regarding the credit component":**

"In case of Pro Rata Credit Linked Certificates and Nth-to-default Credit Linked Certificates, the Securityholder will be exposed to the credit risk of more Reference Entities."

**Furthermore, the following risk factor is hereby inserted as risk factor (xvii) on page 22:**

*"(xvii) Concentration risk in case of Basket of Reference Entities*

In case of Basket of Reference Entities, the credit risk to investors in the Certificates may be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities."

**V. As a result of the amendments mentioned above, the "Summary of the Programme" in the Base Prospectus is no longer correct and the current position is set out in the amended "Summary of the Programme" in Schedule 1 hereto.**

**3. AMENDMENT TO THE "RISK FACTORS" SECTION**

**I. The risk factor "*Certain Considerations regarding the credit component*" of the Risk Factors section on page 37 is hereby integrated inserting the following sentence to the last line of such risk factor:**

"In case of Pro Rata Credit Linked Certificates and Nth-to-default Credit Linked Certificates, the Securityholder will be exposed to the credit risk of more Reference Entities."

**Furthermore, the following risk factor is hereby inserted on page 40:**

*"Concentration risk in case of Basket of Reference Entities*

In case of Basket of Reference Entities, the credit risk to investors in the Certificates may be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities."

**4. AMENDMENT TO THE " OVERVIEW OF THE PROGRAMME"**

**I. The paragraph "*Type of Securities*" of the Overview of the Programme section on page 48 is hereby amended as follows:**

"The Issuer may issue Credit Linked Certificates, Pro Rata Credit Linked Certificates and Nth-to-default Credit Linked Certificates, as specified in the applicable Final Terms."

**5. AMENDMENT TO THE "TERMS AND CONDITIONS OF THE SECURITIES"**

**I. The first line of the second paragraph of the Overview of the Terms and Conditions of the Securities on page 50 is hereby amended as follows:**

"The Securities of this series (such Securities being hereinafter referred to as the **Securities** or the **Certificates**)"

**II. Condition 1 (A) (*Type*) on page 51 is hereby amended as follows:**

(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;
- (iii) whether Plus Amount(s) shall be payable in respect of the Certificates on the relevant Plus Payment Date(s) according to the provisions under Condition 18;
- (iv) whether the type of Credit Linked Certificates is specified to be Pro Rata Credit Linked Certificates and, if so, the relevant provisions will be specified, together with the relevant information related to each Reference Entity, in the Reference Entities Annex contained in the Final Terms; and
- (v) whether, in case of a Basket of Reference Entities, the "Nth-to-default" feature is applicable to the Certificates and, if so, the "Nth" Reference Entity in respect to which the Conditions to Settlement are satisfied will be specified, together with the relevant information related to each Reference Entity, in the Annex contained in the Final Terms."

**III. In Condition 3 (*Definitions*) the definitions of (A) "Additional EDD Remuneration Amount" is amended by replacing the term "Remuneration Commencement Date" in point (a) and (b) (i) with the term "Remuneration Recommencement Date", and (B) "Obligation" is amended as follows in point (c):**

- (c) any Additional Obligation of a Reference Entity determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation).

and inserting the following period after the first period of "*Method for Determining Obligations*":

"For the purposes of paragraph (c) of the definition of "Obligation", the term "Additional 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 Additional Obligation Valuation Date specified in the applicable Final Terms. In this respect, references to "Reference Obligation" contained in this Condition shall be deemed referred to "Additional Obligation"."

**IV. In Condition 3 (Definitions) on page 52, the definitions of "Auction Credit Event Settlement Amount", "Auction Final Price", "Conditions to Settlement", "Credit Event Cash Settlement Amount" and "Final Price" are integrated as follows:**

**"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).

If the type of Credit Linked Certificates is specified to be Pro Rata Credit Linked Certificates, the Auction Credit Event Settlement Amount will be determined by the Calculation Agent as the sum of (A) the Issue Price minus the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied and (B) only with regard to each Reference Entity in respect of which the Conditions to Settlement are satisfied, the product of (i) the relevant Pro Rata Principal Amount and (ii) the relevant Auction Final Price."

**"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.

If the type of Credit Linked Certificates is specified to be Nth-to-default Credit Linked Certificates, the Auction Final Price will be calculated with reference to the Reference Obligation(s) of the "Nth" Reference Entity, as specified in the relevant 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.

If the type of Credit Linked Certificates is specified to be Nth-to-default Credit Linked Certificates, the Conditions to Settlement are not satisfied until they are satisfied with respect to the "Nth" Reference Entity, which means the Reference Entity in relation to which the Credit Event has occurred in the specified chronological order (as indicated in the relevant Final Terms) in respect of the other Reference Entities."

**"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.

If the type of Credit Linked Certificates is specified to be Pro Rata Credit Linked Certificates, the Credit Event Cash Settlement Amount will be determined by the Calculation Agent according to one of the following formula:

- (a) the sum of (A) the Issue Price minus the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied and (B) only with regard to each

Reference Entity in respect of which the Conditions to Settlement are satisfied, the product of (i) the relevant Pro Rata Principal Amount and (ii) the relevant Final Price; or

- (b) the difference, where positive, between (A) the Issue Price and (B) the sum of the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied.

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."

"**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.

If the type of Credit Linked Certificates is specified to be Nth-to-default Credit Linked Certificates in the applicable Final Terms, the Reference Obligation which will be relevant for determining the Final Price will be the Reference Obligation of the "Nth" Reference Entity specified in the relevant Final Terms."

**V. In Condition 3 (Definitions) on page 52, the following definitions are inserted:**

"**Basket** means a portfolio composed of two or more Reference Entities, as specified from time to time in the relevant Final Terms. Such portfolio may refer to the constituents of a credit default swap index on a given time, as specified in the applicable Final Terms. "

"**Nth** means the Reference Entity which will be relevant for the purposes of the Nth-to-default Credit Linked Certificates, as defined below. The Nth will be specified as ordinal number in the relevant Final Terms."

"**Nth-to-default Credit Linked Certificates** means the Certificates linked to more than one Reference Entity, in respect of which the credit linkage of the Certificates will become relevant only with respect to a Nth Reference Entity comprised in the Basket. In particular, such Reference Entity will be determined according to the chronological order (Nth) when Credit Event occurs for each Reference Entity during the life of the Certificates. As an example, in case of "First to default", the Credit Event of a Reference Entity which occurs before Credit Events of other Reference Entities will be sufficient for the satisfaction of the Conditions to Settlement; in case of "Second-to-default", the Credit Event of a Reference Entity occurring before the Credit Event of other Reference Entities will not satisfy the Condition to Settlement and only the Credit Event of a different Reference Entity occurring second in chronological order will satisfy the Conditions to Settlement; in case of "Third to default", neither the Credit Event of a Reference Entity which occurs first in chronological order nor the Credit Event of a different Reference Entity which occurs second in chronological order will satisfy the Condition to Settlement and only the Credit Event of another Reference Entity which occurs third in chronological order will satisfy the Conditions to Settlement, and so on.

For avoidance of doubt, with respect to each Reference Entity, only one Credit Event is taken into account for the purposes of the above."

"**Plus Amount(s)** means, if applicable, the amount(s) indicated in the relevant Final Terms, to be paid to the Securityholders on the relevant Plus Payment Date pursuant to Condition 18."

**"Plus Payment Date(s)** means one or more Business Days on which the Issuer shall pay the Plus Amount to the Securityholders. If there are more Plus Payment Dates, the relevant Final Terms will specify the **First Plus Payment Date**, the **Second Plus Payment Date**, the **Third Plus Payment Date** and so on."

**"Pro Rata Credit Linked Certificates** means the Certificates linked to more than a single Reference Entity, whereby each Reference Entity will contribute "pro rata" to the determination of the Cash Settlement Amount and/or the Remuneration Amount, upon satisfaction of the Conditions to Settlement with respect to such Reference Entity."

**"Pro Rata Principal Amount** means, in relation to each Reference Entity and in case of Pro Rata Credit Linked Certificates, either (i) a predetermined monetary amount set out in the relevant Final Terms, and/or (ii) an amount which will be determined pursuant to the Settlement Method indicated in the relevant Final Terms."

**"Pro Rata Remuneration Percentage** means, in relation to each Reference Entity and in case of Pro Rata Credit Linked Certificates, a predetermined value (expressed as a percentage) set out in the relevant Final Terms."

**"Reference Entities Annex** means, in case of Basket of Reference Entities, the annex contained in the applicable Final Terms."

**"Remuneration Pro Rata Amount** means a predetermined amount set out in the relevant Final Terms in relation to each Reference Entity."

**"Remuneration Pro Rata Notional Amount** means an amount equal to the product of the Notional Amount of each Certificate and the Pro Rata Remuneration Percentage (as defined above) for the relevant Reference Entity(ies) in respect of which the Conditions to Settlement are satisfied."

**"Type** means, as specified in the applicable Final Terms, Credit Linked Certificates, Pro Rata Credit Linked Certificates or Nth-to-default Credit Linked Certificates. For avoidance of doubt, the Type specified in the applicable Final Terms may also be a combination of these types (for example "Pro Rata Nth-to-default Credit Linked Certificates")."

**VI. In Condition 12 (*Terms of the Certificates*), paragraph 1 (*Settlement or Expiration absent Satisfaction of Conditions to Settlement*) on page 85 is amended as follows:**

**(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 case of Pro Rata Credit Linked Certificates, with respect to any Reference Entity constituting the Basket), in which event, subject as set out herein, the Issuer shall settle the Credit Linked Certificates in accordance with Condition 12(2) below; or



- (c) in relation to the Nth-to-default Credit Linked Certificates, the Conditions to Settlement have been satisfied in relation to the "Nth" Reference Entity, in which event, subject as set out herein, the Issuer shall settle the Credit Linked Certificates in accordance with Condition 12(2) below

**VII. In Condition 17 (*Remuneration*), the paragraph D (*Remuneration at floating rate*), point (i) (Remuneration Payment Dates) on page 93 is amended as follows:**

(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) a Remuneration Commencement 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.

Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an **unadjusted** basis, the Remuneration Amount

payable on any date shall not be affected by the application of such Business Day Convention. Otherwise, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an **adjusted** basis, the number of days included in the relevant Remuneration Period is adjusted to the new Remuneration Payment Date.

**VIII. In Condition 17 (Remuneration), a new paragraph E (Provisions related to Pro Rata Credit Linked Certificates) is inserted on page 96, consequently the numeration of the subsequent paragraphs shall be amended accordingly:**

(E) *Provisions related to Pro Rata Credit Linked Certificates*

(i) In case of Remuneration pursuant to paragraph (B) above

The Securityholder will receive, in relation to the relevant Remuneration Period, only the specified Remuneration Pro Rata Amounts of the Reference Entities in respect of which the Conditions to Settlement are not satisfied on or prior to the relevant Remuneration Payment Date.

(ii) In case of Remuneration pursuant to paragraph (C) or (D) above

If a Credit Event has occurred and the Conditions to Settlement are satisfied with respect to any of the Reference Entities on or prior to the relevant Remuneration Payment Date, the Notional Amount on which the relevant Remuneration Amount accrues during the life of the Securities will be reduced by the relevant Remuneration Pro Rata Notional Amount for such Reference Entity. The Remuneration Amount will accrue on the basis of the reduced Notional Amount from (and including) the first day of the Remuneration Period for which the relevant Remuneration Payment Date has not occurred on or prior to the date on which the Conditions to Settlement are satisfied.

**IX. In Condition 17 (Remuneration), the paragraph (E) (Combination of (B)(C) and (D) above) on page 96 is amended as follows:**

(F) *Combination of (B)(C) (D) and (E) 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*, (D) *Remuneration at floating rate* and (E) *Provisions related to the Pro Rata Credit Linked Certificates* and the relevant provisions set out above shall be intended to be applicable in respect to each Remuneration Period.

**X. In Condition 17 (Remuneration), paragraph (H) (Definitions) on page 97 the term "Issue Date" in the definition of "Remuneration Period" is hereby replaced with the term "Remuneration Commencement Date".**

**XI. The following Condition is inserted on page 99:**

**18. Plus Amount(s)**

If so specified in the relevant Final Terms, the Certificates may provide the payment of one or more Plus Amounts, allowing the Securityholder to receive such amount(s) on the relevant Plus Payment Date(s) specified in the applicable Final Terms. The payment of such Plus Amount(s) is not linked to the Reference Entity(ies) and does not affect the provisions for the calculation of any other amount provided by the relevant Final Terms.

## **6. AMENDMENT TO THE "FORM OF FINAL TERMS"**

### **I. In Part A, item 4 (Underlying asset) on page 136 is integrated as follows:**

4. Underlying asset: The item to which the Securities relate are certain credit events concerning the Reference Entit[y][ies][*specify Reference Entity*][*in case of Basket of Reference Entities: see Reference Entities Annex and, if reference is made to a credit default swap index, specify index name, its constituents and the relevant date of reference*].

### **II. In Part A, the following items are inserted on page 136:**

5. Type: The Certificates are [Pro Rata] [Nth-to-default] Credit Linked Certificates.
6. Nth Reference Entity [*insert only in case of Nth-to-default Credit Linked Certificates*]: [*specify ordinal number*]

### **III. In Part A, item 10 (Exchange Business Day) is deleted and the numbering of the following items is amended accordingly.**

### **IV. In Part A, the following item is inserted on page 137:**

19. Cash Settlement Amount: [ ]

### **V. In Part A, item 17 (Provisions relating to the credit linkage of the Securities) is integrated as follows:**

**between points (iii) and (iv) on page 137 the following sentence is added:**

See Reference Entities Annex below for items from (iv) to (xxviii). [*insert in case of Pro Rata Credit Linked Certificates*]

**and in point (ix) (Obligations(s)), Additional Obligation(s) on page 138 is integrated as follows:**

Additional Obligation(s): [Applicable/Not applicable]

Obligation Category [Payment]

[select one only]: [Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]

Obligation Characteristics [select all of which apply]: [Not Subordinated]  
[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 Not later than [●] Business Days prior to the Valuation Date.  
Valuation Date:

**VI. In Part A, Provisions relating to remuneration in respect of Certificates, item 18, (iii) (Remuneration at floating rate provisions), point (b) (Business Day Convention) on page 141, is integrated as follows:**

Business Day Convention: [Floating Rate Convention/Following Business Day  
Convention/Modified Following Business Day  
Convention/Preceding Business Day Convention  
[(adjusted/unadjusted)]] [Not Applicable] *NB: Insert  
"unadjusted" if the application of the relevant business day  
convention is not intended to affect the Remuneration Amount.  
See Condition 17.*

and point (f) Screen Rate Determination on page 141, is integrated as follows in relation to the Reference Rate:

- Reference Rate: [●-week[s]][●-month][3-month][6-month][12-month][GBP-  
][EUR-][USD-][CHF-][EURIBOR] [LIBOR]

**VII. In Part A, the following section is inserted after section "PROVISIONS RELATING TO REMUNERATION IN RESPECT OF CERTIFICATES" and before section "GENERAL" on page 143:**

**[PROVISIONS RELATING TO PLUS AMOUNT(S) IN RESPECT OF CERTIFICATES**

22. Plus Amount(s) [Applicable [specify details] / Not applicable.]

Plus Payment Date(s): [ ].

**VIII. In Part A, the following table and provisions are inserted after the section "DISTRIBUTION" and before the section "PURPOSE OF FINAL TERMS" on page 144:**

[insert, in case of Basket:]

<b>REFERENCE ENTITIES ANNEX</b>			
<i>[N.B. the number of columns to be inserted will be equal to the number of the Reference Entities]</i>			
<b>Reference Entity</b>	[insert name]	[insert name]	[insert name]
<b>Succession Event Backstop Date</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
<b>Reference Obligation(s)</b>	<p>[ ]</p> <p>[The obligation[s] identified as follows:</p> <p style="padding-left: 40px;">Primary Obligor:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Guarantor:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Maturity:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Coupon:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">CUSIP/ISIN:</p> <p style="padding-left: 40px;">[ ]</p>	<p>[ ]</p> <p>[The obligation[s] identified as follows:</p> <p style="padding-left: 40px;">Primary Obligor:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Guarantor:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Maturity:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Coupon:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">CUSIP/ISIN:</p> <p style="padding-left: 40px;">[ ]</p>	<p>[ ]</p> <p>[The obligation[s] identified as follows:</p> <p style="padding-left: 40px;">Primary Obligor:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Guarantor:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Maturity:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">Coupon:</p> <p style="padding-left: 40px;">[ ]</p> <p style="padding-left: 40px;">CUSIP/ISIN:</p> <p style="padding-left: 40px;">[ ]</p>
<b>All Guarantees</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
<b>Credit Events</b>	<p>[Bankruptcy]</p> <p>[Failure to Pay]</p> <p>[Grace Period Extension [Applicable/Not Applicable]]</p> <p>[If Applicable:</p> <p style="padding-left: 40px;">Grace Period:[ ]]</p> <p>[Obligation Default]</p> <p>[Obligation Acceleration]</p> <p>[Repudiation/Moratorium]</p> <p>[[Restructuring]</p> <p>Provisions relating to Multiple Holder Obligation: Condition 12(10) [Applicable/Not Applicable]</p> <p>Provisions relating to Restructuring Credit Event:</p>	<p>[Bankruptcy]</p> <p>[Failure to Pay]</p> <p>[Grace Period Extension [Applicable/Not Applicable]]</p> <p>[If Applicable:</p> <p style="padding-left: 40px;">Grace Period:[ ]]</p> <p>[Obligation Default]</p> <p>[Obligation Acceleration]</p> <p>[Repudiation/Moratorium]</p> <p>[[Restructuring]</p> <p>Provisions relating to Multiple Holder Obligation: Condition 12(10) [Applicable/Not Applicable]</p> <p>Provisions relating to Restructuring Credit Event:</p>	<p>[Bankruptcy]</p> <p>[Failure to Pay]</p> <p>[Grace Period Extension [Applicable/Not Applicable]]</p> <p>[If Applicable:</p> <p style="padding-left: 40px;">Grace Period:[ ]]</p> <p>[Obligation Default]</p> <p>[Obligation Acceleration]</p> <p>[Repudiation/Moratorium]</p> <p>[[Restructuring]</p> <p>Provisions relating to Multiple Holder Obligation: Condition 12(10) [Applicable/Not Applicable]</p> <p>Provisions relating to Restructuring Credit Event:</p>

	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]]	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]]	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]]
<b>Default Requirement</b>	[ ]	[ ]	[ ]
<b>Payment Requirement</b>	[ ]	[ ]	[ ]
<b>Credit Event Backstop Date</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
<b>Conditions to Settlement</b>	Notice of Publicly Available Information [Applicable/Not Applicable]  [If Applicable:  Public Source(s): [ ]  Specified Number: [ ]]	Notice of Publicly Available Information [Applicable/Not Applicable]  [If Applicable:  Public Source(s): [ ]  Specified Number: [ ]]	Notice of Publicly Available Information [Applicable/Not Applicable]  [If Applicable:  Public Source(s): [ ]  Specified Number: [ ]]
<b>Additional Event Determination Date Definitions</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
<b>Obligation(s)</b>	Obligation Category <i>[select one only]</i> :  [Payment]  [Borrowed Money]  [Reference Obligations Only]  [Bond]  [Loan]  [Bond or Loan]  [Not Subordinated]  Obligation Characteristics <i>[select all of which apply]</i> :  [Specified Currency:  [specify currency] [Standard Specified Currencies]]  [Not Sovereign Lender]  [Not Domestic Currency:]  [Domestic Currency means: <i>[specify currency]</i> ]  [Not Domestic Law]  [Listed]	Obligation Category <i>[select one only]</i> :  [Payment]  [Borrowed Money]  [Reference Obligations Only]  [Bond]  [Loan]  [Bond or Loan]  [Not Subordinated]  Obligation Characteristics <i>[select all of which apply]</i> :  [Specified Currency:  [specify currency] [Standard Specified Currencies]]  [Not Sovereign Lender]  [Not Domestic Currency:]  [Domestic Currency means: <i>[specify currency]</i> ]  [Not Domestic Law]  [Listed]	Obligation Category <i>[select one only]</i> :  [Payment]  [Borrowed Money]  [Reference Obligations Only]  [Bond]  [Loan]  [Bond or Loan]  [Not Subordinated]  Obligation Characteristics <i>[select all of which apply]</i> :  [Specified Currency:  [specify currency] [Standard Specified Currencies]]  [Not Sovereign Lender]  [Not Domestic Currency:]  [Domestic Currency means: <i>[specify currency]</i> ]  [Not Domestic Law]  [Listed]

	[Not Domestic Issuance]	[Not Domestic Issuance]	[Not Domestic Issuance]
<b>Additional Obligation(s)</b>	<p>Obligation Category <i>[select one only]</i>:</p> <p>[Payment]</p> <p>[Borrowed Money]</p> <p>[Reference Obligations Only]</p> <p>[Bond]</p> <p>[Loan]</p> <p>[Bond or Loan]</p> <p>[Not Subordinated]</p> <p>Obligation Characteristics <i>[select all of which apply]</i>:</p> <p>[Specified Currency: [specify currency] [Standard Specified Currencies]]</p> <p>[Not Sovereign Lender]</p> <p>[Not Domestic Currency:]</p> <p>[Domestic Currency means: <i>[specify currency]</i>]</p> <p>[Not Domestic Law]</p> <p>[Listed]</p> <p>[Not Domestic Issuance]</p>	<p>Obligation Category <i>[select one only]</i>:</p> <p>[Payment]</p> <p>[Borrowed Money]</p> <p>[Reference Obligations Only]</p> <p>[Bond]</p> <p>[Loan]</p> <p>[Bond or Loan]</p> <p>[Not Subordinated]</p> <p>Obligation Characteristics <i>[select all of which apply]</i>:</p> <p>[Specified Currency: [specify currency] [Standard Specified Currencies]]</p> <p>[Not Sovereign Lender]</p> <p>[Not Domestic Currency:]</p> <p>[Domestic Currency means: <i>[specify currency]</i>]</p> <p>[Not Domestic Law]</p> <p>[Listed]</p> <p>[Not Domestic Issuance]</p>	<p>Obligation Category <i>[select one only]</i>:</p> <p>[Payment]</p> <p>[Borrowed Money]</p> <p>[Reference Obligations Only]</p> <p>[Bond]</p> <p>[Loan]</p> <p>[Bond or Loan]</p> <p>[Not Subordinated]</p> <p>Obligation Characteristics <i>[select all of which apply]</i>:</p> <p>[Specified Currency: [specify currency] [Standard Specified Currencies]]</p> <p>[Not Sovereign Lender]</p> <p>[Not Domestic Currency:]</p> <p>[Domestic Currency means: <i>[specify currency]</i>]</p> <p>[Not Domestic Law]</p> <p>[Listed]</p> <p>[Not Domestic Issuance]</p>
<b>Additional Obligation Valuation Date</b>	Not later than [●] Business Days prior to the Valuation Date.	Not later than [●] Business Days prior to the Valuation Date.	Not later than [●] Business Days prior to the Valuation Date.
<b>Excluded Obligation(s)</b>	[ ]		
<b>Settlement Method</b>	[Cash Settlement/Auction Settlement]	[Cash Settlement/Auction Settlement]	[Cash Settlement/Auction Settlement]
<b>Fallback Settlement Method</b>	[Cash Settlement/Not Applicable]	[Cash Settlement/Not Applicable]	[Cash Settlement/Not Applicable]
<b>Accrual of Remuneration upon Credit Event</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
<b>Settlement following Merger Event</b>	Condition 12(8)[Applicable/Not Applicable]	Condition 12(8)[Applicable/Not Applicable]	Condition 12(8)[Applicable/Not Applicable]
<b>Unwind Costs</b>	[Standard Unwind Costs/ <i>other</i> /Not Applicable]	[Standard Unwind Costs/ <i>other</i> /Not Applicable]	[Standard Unwind Costs/ <i>other</i> /Not Applicable]
<b>Credit Event Cash Settlement Amount</b>	[ ]	[ ]	[ ]
<b>Provisions relating to Grace Period Extension</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
<b>Credit Event Notice after Restructuring Event</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]

<b>Credit Event Settlement Date</b>	[ ] / [ ] Business Days	[ ] / [ ] Business Days	[ ] / [ ] Business Days
<b>Valuation Date</b>	[Single Valuation Date: [ ] Business Days]  [Multiple Valuation Dates: [ ] Business Days; and each [ ] Business Days thereafter.  Number of Valuation Dates: [ ]]	[Single Valuation Date: [ ] Business Days]  [Multiple Valuation Dates: [ ] Business Days; and each [ ] Business Days thereafter.  Number of Valuation Dates: [ ]]	[Single Valuation Date: [ ] Business Days]  [Multiple Valuation Dates: [ ] Business Days; and each [ ] Business Days thereafter.  Number of Valuation Dates: [ ]]
<b>Valuation Time</b>	[ ]	[ ]	[ ]
<b>Quotation Method</b>	[Bid/Offer/Mid-market]	[Bid/Offer/Mid-market]	[Bid/Offer/Mid-market]
<b>Quotation Amount</b>	[[ ]/Representative Amount]	[[ ]/Representative Amount]	[[ ]/Representative Amount]
<b>[Minimum Quotation Amount]</b>	[ ]	[ ]	[ ]
<b>Quotation Dealers</b>	[ ]	[ ]	[ ]
<b>Quotations</b>	[Include Accrued Interest/Exclude Accrued Interest]	[Include Accrued Interest/Exclude Accrued Interest]	[Include Accrued Interest/Exclude Accrued Interest]
<b>Valuation Method</b>	[Market/Highest]  [Average Market/Highest/Average Highest]  [Blended Market/Blended Highest]  [Average Market/Average Blended Highest]	[Market/Highest]  [Average Market/Highest/Average Highest]  [Blended Market/Blended Highest]  [Average Blended Market/Average Blended Highest]	[Market/Highest]  [Average Market/Highest/Average Highest]  [Blended Market/Blended Highest]  [Average Blended Market/Average Blended Highest]
<b>Auction Credit Event Settlement Amount</b>	[ ]	[ ]	[ ]
<b>Auction Credit Event Settlement Date</b>	[ ]	[ ]	[ ]
<i>[add in case of Pro Rata Credit Linked Certificates:]</i>			
<b>[Pro Rata Principal Amount]</b>	[ ]	[ ]	[ ]
<b>[Pro Rata Remuneration Percentage]</b>	[ ]%	[ ]%	[ ]%

*[insert if Remuneration Pro Rata Amount is the same for all the Remuneration Payment Dates]*

<b>[Remuneration Pro Rata Amount]</b>	[ ]	[ ]	[ ]	[ ]
---------------------------------------	-----	-----	-----	-----

*[insert if Remuneration Pro Rata Amount differs on each Remuneration Payment Date]*

<b>[Remuneration Pro Rata Amount]</b>	<b>Remuneration Payment Dates</b>	[ ]	[ ]	[ ]
	<b>Reference Entities</b>	[ ]	[ ]	[ ]
		[currency][ ]	[currency][ ]	[currency][ ]



	[ ]	[currency][ ]	[currency][ ]	[currency][ ]
	[ ]	[currency][ ]	[currency][ ]	[currency][ ]
	[ ]	[currency][ ]	[currency][ ]	[currency][ ]

## **HISTORICAL DEFAULT DATA FOR THE REFERENCE ENTIT[Y][IES]**

*[insert table or information concerning historical default data related to each Reference Entity]*

### **IX. In Part B, paragraph 6 (HISTORIC INTEREST RATE (floating rate Certificates only) on page 146 is integrated as follows:**

Details of historic [[●-week[s]][●-month][3-month][6-month][12-month] [GBP-][EUR-][USD-][CHF-][EURIBOR] [LIBOR]] rates can be obtained from [Reuters].

## **7. GENERAL**

All references to pages, sections, sub-sections, paragraphs, sub-paragraphs, sentences and lines referred to in this First Supplement are intended to be to the original unsupplemented Base Prospectus, notwithstanding any amendments described herein.

To the extent that there is any inconsistency between (a) any statement in this First Supplement or any statement incorporated by reference into the Base Prospectus by this First Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

**Banca IMI S.p.A.**

15 November 2013

## SCHEDULE 1

### 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”.

#### Section A – INTRODUCTION AND WARNINGS

<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</b></p>

**CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]**

**Section B – 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>Assets</th> <th>31 December 2012</th> <th>31 December 2011</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td> </tr> <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> </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>			Assets	31 December 2012	31 December 2011		<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
<i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i>																																																					
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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>
<b>Liabilities and Equity</b>	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2012</b>	<b>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</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:		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><i>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</i></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><i>Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the year ending 31 December 2012</i></b>		
	<b>31 March 2013</b>	<b>31 December 2012</b>
	<i>(EUR million)</i>	

		<table> <tr> <td>Net investments</td> <td>24,079.1</td> <td>22,653.2</td> </tr> <tr> <td>Net revenue</td> <td>26,800.6</td> <td>26,435.7</td> </tr> <tr> <td>Indirect revenue</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>Financial assets</td> <td>72,211.9</td> <td>75,973.7</td> </tr> <tr> <td>Total assets</td> <td>151,489.8</td> <td>151,792.5</td> </tr> <tr> <td>Net equity</td> <td>3,604.0</td> <td>3,477.1</td> </tr> <tr> <td>Share Capital</td> <td>962.5</td> <td>962.5</td> </tr> </table> <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>	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
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																					
<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</i> and <i>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.																					
<b>Section C – SECURITIES</b>																							
<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>SETTLEMENT AT EXERCISE DATE</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>SETTLEMENT UPON OCCURRENCE OF CREDIT EVENT</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 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>REMUNERATION</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>PLUS AMOUNT(S)</p> <p>If so specified in the applicable Final Terms, each Certificate provides the unconditional payment of one or more Plus Amount(s). Such Plus Amount(s) will not be linked to the performance of the Reference Entities and will not affect the provisions for the calculation of any other amount set out in the relevant Final Terms.<sup>1</sup></p> <p>RANKING</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<sup>2</sup></b>	<p>The Certificates are linked to the credit performance of one or more Reference Entities and their value depends on whether a 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(ies) 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(ies). 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</p>

<sup>1</sup> The First Supplement has inserted a "Plus Amount" feature, which provides the unconditional payment of one or more Plus Amount(s), during the lifetime of the Certificates and/or at maturity.

<sup>2</sup> The First Supplement has added the Basket of Reference Entities as Underlying, together with the relevant provisions concerning its functioning. Therefore the C15 section has been updated accordingly.

		<p>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> <p>In case of Nth-to-default Credit Linked Certificates, the satisfaction of the Conditions to Settlement will be determined with reference to the Nth Reference Entity. In case of Pro Rata Credit Linked Certificates, each Reference Entity will contribute to the calculation of the Cash Settlement Amount and/or Remuneration Amount in the relevant amount/percentage set out by the Issuer in the applicable Final Terms.</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 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<sup>3</sup></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</p>

<sup>3</sup>

The First Supplement has (i) added the Basket of Reference Entities as Underlying, together with the relevant provisions concerning its functioning, and (ii) inserted a "Plus Amount" feature, which provides the unconditional payment of one or more Plus Amount(s), during the lifetime of the Certificates and/or at maturity. Therefore the C18 section has been updated to describe, among other things, also the "Pro Rata Credit Linked Certificates", the "Nth-to-default Certificates" and the potential payment of Plus Amounts.



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.

In case of Pro Rata Credit Linked Certificates, on the Scheduled Settlement Date, if a Credit Event has occurred and the Conditions to Settlement are satisfied with respect to any Reference Entity, the Securities will be redeemed at maturity as follows:

- (i) If the applicable Settlement Method is Auction Settlement, by payment of an amount equal to the sum of (A) the Issue Price minus the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied and (B) only with regard to each Reference Entity in respect of which the Conditions to Settlement are satisfied, the product of (i) the relevant Pro Rata Principal Amount and (ii) the relevant Auction Final Price;
- (ii) If the applicable Settlement Method is Cash Settlement:
  - (c) if the Issuer opts for option a) in the definition of Credit Event Cash Settlement Amount, by payment of an amount equal to the sum of (A) the Issue Price minus the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied and (B) only with regard to each Reference Entity in respect of which the Conditions to Settlement are satisfied, the product of (i) the relevant Pro Rata Principal Amount and (ii) the relevant Final Price; or
  - (d) if the Issuer opts for option b) in the definition of Credit Event Cash Settlement Amount, by payment of an amount equal to the difference, where positive, between (A) the Issue Price and (B) the sum of the Pro Rata Principal Amount of each Reference Entity in respect of which the Conditions to Settlement are satisfied.

In case of Nth-to-default Certificates, the Conditions to Settlement are not satisfied until they are satisfied with respect to the "Nth" Reference Entity, which means the Reference Entity in relation to which the Credit Event has occurred in the specified chronological order (as indicated in the relevant Final Terms) in respect of the other Reference Entities. Therefore, the Issuer will consider the Nth Reference Entity in relation to which a Credit Event occurred (e.g. if Second to default, the second Reference Entity affected by the Credit Event; if Fourth to default, the fourth Reference Entity affected by the Credit Event) as the Reference Entity.

#### REMUNERATION AMOUNTS

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 :

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

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.

In case of Pro Rata Credit Linked Certificates:

- i) If the criteria under a) above is specified as applicable in the relevant Final Terms, the Securityholder will receive, in relation to the relevant Remuneration Period, only the specified Remuneration Pro Rata Amounts of the Reference Entities in respect of which the Conditions to Settlement are not satisfied on or prior to the relevant Remuneration Payment Date;
- ii) If the criteria under b) or c) above are specified as applicable in the relevant Final Terms, if a Credit Event has occurred and the Conditions to Settlement are satisfied on or prior to the relevant Remuneration Payment Date with respect to any Reference Entity, the Notional Amount on which the relevant Remuneration Amount accrues during the life of the Securities will be reduced by the relevant Remuneration Pro Rata Notional Amount for such Reference Entity. The Remuneration Amount will accrue on the basis of the reduced Notional Amount from (and including) the first day of the Remuneration Period for which the relevant Remuneration Payment Date has not occurred on or prior to the date on which the Conditions

		<p>to Settlement are satisfied.</p> <p>For avoidance of doubt, in case of Pro Rata Credit Linked Certificates, the Issuer may elect to apply in each Remuneration Period one of the methods described above under a), b), c), i) or ii) above.</p> <p>PLUS AMOUNTS</p> <p>Plus Amount(s) payable in respect of each Certificate on each Plus Payment Date may be set out in the relevant Final Terms. Such amount(s) will not affect the calculation of the amounts mentioned above and will be paid regardless of the performance of the Reference Entities.</p>
<b>C.19</b>	<b>Exercise price or final reference price of the underlying</b>	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.
<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, will be stated in the applicable Final Terms.

**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> <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>
<b>D.6</b>	<b>Key risks specific to the</b>	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

<p><b>securities</b></p>	<p>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>(i) 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>(ii) 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>(iii) 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>(iv) 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 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.</p> <p><u>(v) Certain Considerations Regarding Hedging</u></p> <p>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.</p> <p><u>(vi) Volatility Risk due to Credit Linkage</u></p> <p>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.</p> <p>Moreover, the price of the Certificates depends on the development of market prices of other credit</p>
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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. In case of Pro Rata Credit Linked Certificates and Nth-to-default Credit Linked

Certificates, the Securityholder will be exposed to the credit risk of more Reference Entities.<sup>4</sup>

(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

<sup>4</sup> The First Supplement has added the Basket of Reference Entities as Underlying, together with the relevant provisions concerning its functioning. Therefore the risk "(vii) Certain Considerations regarding the credit component" within the D6 section has been updated to describe, among other things, also the exposure to credit risk in case of "Pro Rata Credit Linked Certificates" and "Nth-to-default Certificates."

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.

(xvii) Concentration risk in case of Basket of Reference Entities

In case of Basket of Reference Entities, the credit risk to investors in the Certificates may be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities.<sup>5</sup>

• **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.

<sup>5</sup>

The First Supplement has added the Basket of Reference Entities as Underlying, together with the relevant provisions concerning its functioning. Therefore the risk "(xvii) Concentration risk in case of Basket of Reference Entities", within the D6 section, has been inserted to disclose potential increase of credit risk exposure in case of Basket of Reference Entities.

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

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.

(xv) 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.

(ii) No reliance

A prospective purchaser may not rely on the Issuer, the Managers, if any, or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the 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.

(iii) Disclaimers

Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.

**Section E – OFFER**



<b>E.2 b</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.