



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

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

**WARRANTS AND CERTIFICATES PROGRAMME**

Under the terms of its Warrants and Certificates Programme (the "**Programme**"), Banca IMI S.p.A. (the "**Issuer**") may from time to time issue warrants ("**Warrants**") or certificates ("**Certificates**" and, together with the Warrants, "**Securities**") of any kind including, but not limited to, Warrants or Certificates relating to one or more specified indices or one or more baskets of indices ("**Index Securities**"), one or more specified shares or one or more baskets of shares or one or more global depository receipts (GDRs) or American depository receipts (ADRs) or one or more baskets of GDRs and/or ADRs (together, "**Share Securities**"), one or more specified exchange rates or one or more baskets of exchange rates ("**Exchange Rate Securities**"), one or more specified future contracts or one or more baskets of future contracts ("**Futures Contract Securities**"), one or more specified interest rates or one or more baskets of interest rates ("**Interest Rate Securities**"), one or more specified funds or one or more baskets of funds ("**Fund Securities**"), a proprietary index ("**Proprietary Index Securities**"), one or more specified commodities or one or more baskets of commodities ("**Commodity Securities**"). The Securities may also be a combination of two or more of the foregoing types, as indicated from time to time in relation to the relevant issue ("**Combined Securities**"). Each issue of Securities will be made on the terms set out herein which are relevant to such Securities under "*Terms and Conditions of the Securities*" (the "**Conditions**") and in the form of the relevant final terms document (the "**Final Terms**"). Securities may be issued in bearer form ("**Bearer Securities**") or registered form ("**Registered Securities**").

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

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

**Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a loss of all or part of the purchase price of their Securities. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Securities and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See "*Risk Factors*" on pages 41 to 73. The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.**

**IMPORTANT – EEA RETAIL INVESTORS** - If the Final Terms in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Securities are not intended, from 1 January 2018, to be

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

The Securities and, in case of Physical Delivery Securities, the Entitlement (as defined herein) to be delivered upon the exercise of such Securities, have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities authority of any State or other jurisdiction of the U.S., and trading in the Securities has not been approved by the Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**"). The Securities and the Entitlements may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to a U.S. person unless such offer or sale has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

The Securities and the Entitlements are being offered and sold outside the U.S. to persons that are not U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act) in reliance on Regulation S. No Securities of any series, or interests therein, or Entitlements may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in or into the United States or to, or for the account or benefit of, any U.S. person and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. The Securities and Entitlements may not be legally or beneficially owned at any time by any U.S. person. For a description of certain further restrictions on offers and sales of the Securities and on the distribution of this Base Prospectus, see "*Offering and Sale*" below.

The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Securities or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The date of this Base Prospectus is 28 July 2017.

## IMPORTANT NOTICES

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

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

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

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

A description of the Final Terms is set out herein on page 262 and will specify with respect to the issue of Securities to which it relates, *inter alia*, the specific designation of the Securities, the aggregate number and type of the Securities, the date of issue of the Securities, the issue price, the credit event of the specified entity or entities to which the Certificates relate, certain other terms relating to the offering and sale of the Securities including whether they bear remuneration and the exercise date.

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

As specified in the applicable Final Terms, each issue of Securities will entitle the holder thereof to receive a cash amount, or in the case of Physical Delivery Securities, the Entitlement to be delivered upon the exercise of such Securities from the Issuer calculated in accordance with the Conditions on such terms as are set out in the Conditions, all as set forth in the Conditions.

To purchase any Security or, upon exercise of Physical Delivery Securities, in order to receive the relevant Entitlement, each Securityholder will be required to certify (in accordance with the provisions outlined in "Offering and Sale" below) that it is not a U.S. person or a person who has purchased such Security or received such Entitlement for resale to, or for the account or benefit of, U.S. persons and that it is not receiving such Security or exercising a Physical Delivery Security on behalf, or for the account or benefit, of a U.S. person.

Copies of Final Terms will be available from the registered office of the Issuer and the specified offices set out below of the Security Agents (as defined below).

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

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

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

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

Warrants create options which are exercisable by the relevant holder and/or will be automatically exercised as provided herein. There is no obligation on the Issuer to pay any amount to any holder of a Warrant or to deliver any asset to any holder of a Warrant unless the relevant holder duly exercises such Warrant or such Securities are automatically exercised and, in certain circumstances, an Exercise Notice is duly delivered. Securities will be exercised or exercisable in the manner set forth herein and in the applicable Final Terms.

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

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

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

Certain Tranches of Securities with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **Public Offer**. This Base Prospectus has been prepared on a basis that permits Public Offers of Securities. However, any person making or intending to make a Public Offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") may only do so if this Base

Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Public Offer of such Securities.

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

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

In the context of any Public Offer of Securities, the Issuer has requested or may request the Central Bank to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authorities of Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom (the "**Host Member States**"). Even though the Issuer has elected (or will elect) to passport this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of Securities to see whether the Issuer has elected to make a public offer of Securities in either the Republic of Ireland or a Host Member State (each a "**Public Offer Jurisdiction**").

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

The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

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

**Save as provided below, none of the Issuer and any Manager has authorised the making of any Public Offer by any offeror nor have they consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Securities. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer or any Manager accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.** If, in the context of a Public Offer, an Investor is offered Securities by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether they can rely on this Base Prospectus and/or who is responsible for its contents they should take legal advice.

#### *Consent*

The consent referred to relates to Offer Periods occurring within 12 months from the date of approval of this Base Prospectus.

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

- (1) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such Securities during the relevant Offer Period stated in the Final Terms by the relevant Manager and by:
  - (a) any financial intermediary specified in the applicable Final Terms; and
  - (b) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (<http://www.bancaimi.prodottiequotazioni.com/EN>) and identified as an Authorised Offeror in respect of the relevant Public Offer; and
- (2) if (and only if) Part B of the applicable Final Terms specifies that the Issuer consents to the use of the Base Prospectus by all financial intermediaries, the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of Securities during the relevant Offer Period stated in the Final Terms by any financial intermediary which satisfies the "Specific Conditions to Consent" set out below.

#### *Common Conditions to Consent*

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

- (i) is only valid with reference to Public Offers occurring within 12 months from the date of this Base Prospectus;
- (ii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Securities in one or more of Republic of Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom, as specified in the applicable Final Terms; and
- (iii) is subject to any other conditions set out in Part B of the applicable Final Terms.

Each Tranche of Securities may only be offered to Investors as part of a Public Offer in the Relevant Member State(s) specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

#### *Specific Conditions to Consent*

The conditions to the Issuer's consent are that:

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

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

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

- (1) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Manager that it will, at all times in connection with the relevant Public Offer:
- (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Securities by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Manager if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
  - (b) comply with the restrictions set out under "Offering and Sale" in this Base Prospectus which would apply as if it were a Manager;
  - (c) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Securities does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
  - (d) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Securities under the applicable laws and regulations of the Relevant Member State;
  - (e) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Securities by the Investor), and will not permit any application for Securities in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
  - (f) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Issuer and the relevant Manager or directly to the appropriate authority with jurisdiction over any Manager in order to enable the Issuer or any Manager to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer or any Manager;
  - (g) ensure that no holder of Securities or potential Investor in the Securities shall become an indirect or direct client of the Issuer or the relevant Manager for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
  - (h) co-operate with the Issuer and the relevant Manager in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Manager as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Manager:
    - (i) in connection with any request or investigation by any regulator in relation to the Securities, the Issuer or the relevant Manager; and/or
    - (ii) in connection with any complaints received by the Issuer and/or the relevant Manager relating to the Issuer and/or the relevant Manager or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or
    - (iii) which the Issuer or the relevant Manager may reasonably require from time to time in relation to the Securities and/or as to allow the Issuer or the relevant Manager fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any

such regulator or regulatory process;

- (i) during the period of the initial offering of the Securities: (i) not sell the Securities at any price other than the Issue Price or the Premium in case of Warrants, specified in the applicable Final Terms (unless otherwise agreed with the relevant Manager); (ii) not sell the Securities otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Securities (unless otherwise agreed with the relevant Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Manager;
  - (j) either (i) obtain from each potential Investor an executed application for the Securities, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Securities on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
  - (k) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Manager to breach any Rule or subject the Issuer or the relevant Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
  - (l) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;
  - (m) make available to each potential Investor in the Securities the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus and the applicable Final Terms; and
  - (n) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Manager accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Manager (as applicable), use the legal or publicity names of the Issuer or the relevant Manager or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Securities on the basis set out in the Base Prospectus;
- (2) agrees and undertakes to indemnify each of the Issuer and the relevant Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Manager; and
- (3) agrees and accepts that:
- (a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed



by, and construed in accordance with, English law;

- (b) subject to (d) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and financial intermediary submit to the exclusive jurisdiction of the English courts;
- (c) for the purposes of (b) above and (d) below, the financial intermediary waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
- (d) to the extent permitted by law, the Issuer and the Manager may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
- (e) each relevant Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for its benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

**Any financial intermediary who meets all of the conditions set out in "*Specific Conditions to Consent*" and "*Common Conditions to Consent*" above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (ii) under "*Specific Conditions to Consent*" above.**

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

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

#### ***Public Offers: Issue Price and Offer Price***

Securities to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Manager at the time of the relevant Public Offer and will depend, amongst other things, on the remuneration applicable to the Securities and prevailing market conditions at that time.

The Offer Price of such Securities is the price at which the investor may subscribe the Securities, in case of Public Offer. The Offer Price of the Securities will be the Issue Price, or such other price as may be specified in the applicable Final Terms, or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Securities to such Investor. Neither the Issuer or the relevant Manager(s) will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Securities to such Investor.

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

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer which is intended to permit a public offering of any Securities or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Securities or Entitlements may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities or Entitlements in the United States and the European Economic Area (including Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom) (see "*Offering and Sale*" on page 238).**

**The Securities of each issue may be sold by the Issuer and/or any Manager at such time and at such prices as the Issuer and/or the Manager(s) may select. There is no obligation upon the Issuer or any Manager to sell all of the Securities of any issue. The Securities of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer.**

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

**In connection with the issue of any Securities, the person or persons (if any) named as the Stabilising**

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

**PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION CONTAINED OR REFERRED TO IN THIS BASE PROSPECTUS IS NOT INTENDED TO BE RELIED UPON BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; AND (B) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

All references to "USD", "U.S.\$", "\$", "US Dollars", "US dollars" and "U.S. dollars" are to United States dollars and references to "euro", "EUR" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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## 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 Securities should be based on consideration of the Base Prospectus as a whole by the investor. 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>[Not Applicable – The Issuer does not consent to the use of the Base Prospectus for subsequent resales.]</p> <p>Certain Tranches of Securities 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 Securities 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><i>"We, [insert name of financial intermediary], refer to the [insert title of relevant Securities] (the "<b>Securities</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 Securities in [specify each Relevant Member State in which the particular Tranche of Securities can be offered] (the "<b>Offer</b>") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".</i></p> <p>(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 Securities during the offer period for the Securities 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 Securities in the Relevant Member State in which the particular Tranche of Securities 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 SECURITIES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH SECURITIES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]</b></p>

### Section B – ISSUERS AND GUARANTOR

<b>B.1</b>	<b>Legal and Commercial Name of the</b>	Banca IMI S.p.A..
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	<b>Issuer</b>																																																										
<b>B.2</b>	<b>Domicile/ Legal Form/ Legislation/ Country of Incorporation</b>	Domicile: Largo Mattioli 3, 20121 Milan, Italy. Legal form: Public limited liability company ( <i>società per azioni</i> ). Legislation under which the Issuer operates: Italian law. Country of incorporation: Italy.																																																									
<b>B.4b</b>	<b>Description of trends</b>	<u>Not applicable</u> . 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</b>	The Issuer is a company belonging to the Intesa Sanpaolo banking group (the " <b>Intesa Sanpaolo Group</b> "), of which Intesa Sanpaolo S.p.A. is the parent company.  The Intesa Sanpaolo Group is the result of the merger effective 1 January 2007 of Sanpaolo IMI S.p.A. with Banca Intesa S.p.A. The former Banca Intesa banking group, prior to the merger, was also the result of a series of mergers, having been brought into existence in 1998 by the merger of Cariplo and Ambroveneto, followed in 1999 by the public exchange offer for 70 per cent. of Banca Commerciale Italiana, which was merged by incorporation in 2001. The former Sanpaolo IMI group was the result of the merger of Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano in 1998, and of the subsequent integration of Banco di Napoli, in 2000 and of Gruppo Cardine, in 2002.  The Issuer is the investment banking arm and securities firm of the Intesa Sanpaolo Group.																																																									
<b>B.9</b>	<b>Profit forecast/estimate</b>	<u>Not applicable</u> . No profit forecasts or estimates have been made in the Base Prospectus.																																																									
<b>B.10</b>	<b>Qualifications in the audit report</b>	<u>Not applicable</u> . No qualifications are contained in any audit report included in the Base Prospectus.																																																									
<b>B.12</b>	<b>Selected historical key information</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 2015 and 2016 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 2016 compared with corresponding figures for the year ending 31 December 2015</i></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>31 December 2016</b></th> <th style="text-align: center;"><b>31 December 2015</b></th> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td> </tr> </thead> <tbody> <tr> <td><b>Assets</b></td> <td></td> <td></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">3</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Financial assets held for trading</td> <td style="text-align: right;">53,477,591</td> <td style="text-align: right;">56,954,580</td> </tr> <tr> <td>Available-for-sale financial assets</td> <td style="text-align: right;">14,693,865</td> <td style="text-align: right;">11,643,236</td> </tr> <tr> <td>Due from banks</td> <td style="text-align: right;">53,305,542</td> <td style="text-align: right;">60,923,615</td> </tr> <tr> <td>Loans to customers</td> <td style="text-align: right;">27,798,310</td> <td style="text-align: right;">23,353,892</td> </tr> <tr> <td>Hedging derivatives</td> <td style="text-align: right;">154,440</td> <td style="text-align: right;">203,228</td> </tr> <tr> <td>Equity investments</td> <td style="text-align: right;">19,560</td> <td style="text-align: right;">13,324</td> </tr> <tr> <td>Property and equipment</td> <td style="text-align: right;">848</td> <td style="text-align: right;">878</td> </tr> <tr> <td>Intangible assets</td> <td style="text-align: right;">285</td> <td style="text-align: right;">287</td> </tr> <tr> <td>Tax assets</td> <td style="text-align: right;">489,371</td> <td style="text-align: right;">502,230</td> </tr> <tr> <td>  <i>a) current</i></td> <td style="text-align: right;">251,068</td> <td style="text-align: right;">292,543</td> </tr> <tr> <td>  <i>b) deferred</i></td> <td style="text-align: right;">238,303</td> <td style="text-align: right;">209,687</td> </tr> <tr> <td>Other assets</td> <td style="text-align: right;">467,011</td> <td style="text-align: right;">445,523</td> </tr> <tr> <td><b>Total Assets</b></td> <td style="text-align: right;"><b>150,406,826</b></td> <td style="text-align: right;"><b>154,040,797</b></td> </tr> <tr> <td><b>Liabilities and Equity</b></td> <td style="text-align: center;"><b>31 December</b></td> <td style="text-align: center;"><b>31 December</b></td> </tr> </tbody> </table>	<i>Audited Consolidated Balance Sheets for the year ending 31 December 2016 compared with corresponding figures for the year ending 31 December 2015</i>				<b>31 December 2016</b>	<b>31 December 2015</b>		<i>(EUR thousand)</i>		<b>Assets</b>			Cash and cash equivalents	3	4	Financial assets held for trading	53,477,591	56,954,580	Available-for-sale financial assets	14,693,865	11,643,236	Due from banks	53,305,542	60,923,615	Loans to customers	27,798,310	23,353,892	Hedging derivatives	154,440	203,228	Equity investments	19,560	13,324	Property and equipment	848	878	Intangible assets	285	287	Tax assets	489,371	502,230	<i>a) current</i>	251,068	292,543	<i>b) deferred</i>	238,303	209,687	Other assets	467,011	445,523	<b>Total Assets</b>	<b>150,406,826</b>	<b>154,040,797</b>	<b>Liabilities and Equity</b>	<b>31 December</b>	<b>31 December</b>
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	<b>2016</b> <i>(EUR thousand)</i>	<b>2015</b>
Due to banks	60,716,591	68,073,695
Due to customers	18,989,914	16,026,878
Securities issued	11,282,639	13,866,789
Financial liabilities held for trading	53,551,620	51,653,544
Financial liabilities at fair value through profit and loss	-	-
Hedging derivatives	196,639	164,568
Tax liabilities	424,563	342,293
<i>a) current</i>	410,436	325,988
<i>b) deferred</i>	14,127	16,305
Other liabilities	450,312	587,215
Post-employment benefits	9,178	8,743
Provisions for risks and charges	30,387	24,074
<i>a) pensions and similar obligations</i>	12	12
<i>b) other provisions</i>	30,375	24,062
Fair value reserves	(131,153)	(50,076)
Equity Instruments	1,000,000	-
Reserves	1,600,694	1,573,629
Interim dividends	-	(307,988)
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	741,718	533,715
<b>Total Liabilities and Equity</b>	<b>150,406,826</b>	<b>154,040,797</b>
<b><i>Audited Consolidated Income Statements for the year ending 31 December 2016 compared with corresponding figures for the year ending 31 December 2015</i></b>		
	<b>31 December 2016</b> <i>(EUR thousand)</i>	<b>31 December 2015</b>
Interest and similar income	1,337,482	1,470,106
Interest and similar expense	(801,338)	(891,695)
Net interest income	536,144	578,411
Fee and commission income	599,097	488,754
Fee and commission expense	(217,026)	(230,529)
Net fee and commission income	382,071	258,225
Dividends and similar income	38,035	41,092
Profits (Losses) on trading	554,800	328,785
Profit (Losses) on hedging	(425)	7,797
Profits (Losses) on disposal or repurchase of:	150,754	184,890
<i>a) loans and receivables</i>	1,481	(34,912)
<i>b) available-for-sale financial assets</i>	170,072	274,519
<i>c) held-to-maturity investments</i>	-	-
<i>d) financial liabilities</i>	(20,799)	(54,717)
Total income	1,661,379	1,399,200
Impairment losses/reversal of impairment losses on:	(2,249)	2,942
<i>a) loans and receivables</i>	(8,572)	(421)
<i>b) available-for-sale financial assets</i>	(1,618)	(5,850)
<i>c) held-to-maturity investments</i>	-	-
<i>d) other financial assets</i>	7,941	9,213
Net financial income	1,659,130	1,402,142
Net banking and insurance income	1,659,130	1,402,142
Administrative expenses	(574,278)	(595,882)
<i>a) personnel expenses</i>	(166,029)	(162,051)
<i>b) other administrative expenses</i>	(408,249)	(433,831)

		<table border="1"> <tr> <td>Net accruals to provision for risks and charges</td> <td>(8,118)</td> <td>1,700</td> </tr> <tr> <td>Depreciation and net impairment losses on property and equipment</td> <td>(346)</td> <td>(475)</td> </tr> <tr> <td>Amortisation and net impairment losses on intangible assets</td> <td>(78)</td> <td>(73)</td> </tr> <tr> <td>Other operating income (expenses)</td> <td>8,224</td> <td>3,204</td> </tr> <tr> <td>Operating expenses</td> <td>(574,596)</td> <td>(591,526)</td> </tr> <tr> <td>Net gains on sales of equity investments</td> <td>30,506</td> <td>6,840</td> </tr> <tr> <td>Pre-tax profit from continuing operations</td> <td>1,115,040</td> <td>817,456</td> </tr> <tr> <td>Income tax expense</td> <td>(373,322)</td> <td>(283,741)</td> </tr> <tr> <td>Post-tax profit from continuing operations</td> <td>741,718</td> <td>533,715</td> </tr> <tr> <td>Profit for the year</td> <td>741,718</td> <td>533,715</td> </tr> <tr> <td>Profit (loss) attributable to non-controlling interests</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Profit attributable to the owners of the parent</b></td> <td><b>741,718</b></td> <td><b>533,715</b></td> </tr> </table>	Net accruals to provision for risks and charges	(8,118)	1,700	Depreciation and net impairment losses on property and equipment	(346)	(475)	Amortisation and net impairment losses on intangible assets	(78)	(73)	Other operating income (expenses)	8,224	3,204	Operating expenses	(574,596)	(591,526)	Net gains on sales of equity investments	30,506	6,840	Pre-tax profit from continuing operations	1,115,040	817,456	Income tax expense	(373,322)	(283,741)	Post-tax profit from continuing operations	741,718	533,715	Profit for the year	741,718	533,715	Profit (loss) attributable to non-controlling interests	-	-	<b>Profit attributable to the owners of the parent</b>	<b>741,718</b>	<b>533,715</b>	
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	<b>No material adverse change statement</b>	There has been no significant change in the financial or trading position of the Issuer since 31 December 2016.																																					
	<b>Significant changes in the financial or trading position</b>	<u>Not applicable.</u> There has been no material adverse change in the prospects of the Issuer since 31 December 2016.																																					
<b>B.13</b>	<b>Recent events impacting the Issuer's solvency</b>	<u>Not applicable.</u> 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>Description of the principal activities of the Issuer</b>	The Issuer is a banking institution engaged in investment banking activities. The Issuer offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into three business divisions: <i>Global Markets</i> , <i>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</b>	The Securities are [Certificates] [Warrants]. The Securities are issued in [bearer form ("Bearer Securities")][registered form ("Registered Securities")] [The Warrants are [European Style Warrants] [American Style Warrants] The Warrants are [Call] [and] [Call Spread] [and] [Put] [and] [Put Spread] [as specified for each Series in the Annex to the Summary]].																																					



	<p><b>offered / Security identification number</b></p>	<p>[The [Certificates] [Warrants] are [cash settled] [[and/or]] [physical settled].]  [BEARER SECURITIES]  Each Security is a [Temporary Global Security] [Permanent Global Security]. [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] [Permanent Global Security] will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.]  [REGISTERED SECURITIES]  Registered Securities will be represented by definitive registered certificates registered in the name of the beneficial owner thereof ("<b>Registered Certificates</b>") and/or a registered certificate in global form (a "<b>Global Registered Certificate</b>") which will be registered in the name of a nominee for a common depository for [Euroclear and Clearstream, Luxembourg] [<i>or insert other clearing system</i>]. Definitive Exchangeable Bearer Securities [will] [will not] be exchangeable for definitive Registered Securities [<i>specify details</i>]. Registered Securities will not be exchangeable for Bearer Securities or an interest therein.]  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.  The ISIN of the [Certificates][Warrants] is [[.][specified for each Series in the Annex to the Summary]].  [The Securities are to be consolidated and form a single series with the [<i>insert title of relevant series of Securities</i>] issued on [<i>insert issue date</i>].]</p>
C.2	<p><b>Currency</b></p>	<p>[The Securities are issued in [.] (the "<b>Issue Currency</b>") .]  [The Securities provide for a Settlement Currency that [is][may be] different from the currency in which the Issue Price was denominated (the "<b>Dual Currency Securities</b>").]  [The Settlement Currency is [.] [the Issue Currency or the Dual Currency, as set out in Element C.18.]  [<i>In relation to Dual Currency FX Certificates specify: The Dual Currency is [.]</i>]</p>
C.5	<p><b>Restrictions on free transferability</b></p>	<p>There are restrictions on the offer, sale and transfer of the Securities in the United States, the European Economic Area (including Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom) and Switzerland.</p>
C.8	<p><b>Description of rights and ranking</b></p>	<p>[<i>Insert in case of Cash Settled Securities:</i> Each [Certificate] [Warrant] entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount, where positive [and an Early Redemption Event] has not occurred.]  [<i>Insert in case of Physical Settled Securities or in case of Securities that could be either Cash Settled or Physical Settled:</i> Each [Certificate] [Warrant]entitles its holder to receive from the Issuer on the Settlement Date the Entitlement, where positive [and an Early Redemption Event] has not occurred [or, alternatively, if a [.] Event has [not] occurred, the Cash Settlement Amount, where positive].]  [The Certificates provide also for the Remuneration Amount[s] specify at Element C.18 below.]  The [Certificates] [Warrants] constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and, unless provided otherwise by law, 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.  The [Certificates] [Warrants] and any non-contractual obligations arising out of or in connection with the [Certificates] [Warrants] will be governed by, and shall be construed in accordance with, English Law.</p>
C.11	<p><b>Admission to trading of Securities</b></p>	<p>[Application [has been][will be] made by the Issuer (or on its behalf) for the Securities to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [a date] [after] [or] [around]] the Issue Date.]  [Application [is expected to be made] [[has been][will be] [may [also] be] made] by the Issuer (or on its behalf) for the Securities to be [admitted to trading on [.] [<i>specify the market in Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom</i>]] [admitted to trading on [.] [<i>specify the trading venue in Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and</i></p>

United Kingdom]] with effect from [a date] [after] [or] [around]] the Issue Date.]

**C.15 Description of how the value of the investment is affected by the value of the underlying instrument**

Underlying[s] [[mean[s] [•] [are [•] as specified for each Series in the Annex to the Summary]]:  
*[in the case of Securities linked to one or more financial asset(s), [name of the Underlying [•]] [Share/ADRs/GDRs] [Index] [Commodity] [Futures Contract] [Exchange Rate] [Interest Rate] [Fund] [Proprietary Index] (the "Underlying[s]")]*  
*[in the case of Securities linked to a Basket, a Basket of [ ] (each a "Basket Constituent") composed as follows:*

<i>i</i>	Basket Constituent	Basket Constituent Weight	[Cap]
[ ]	[ ]	[ ]%	[ ]
[ ]	[ ]	[ ]%	[ ]

]  
*[(in case of Multiperformance Certificates insert:)*  
 the following Underlyings:

<i>i</i>	Underlying
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]

*[in the case of Proprietary Index Securities, The Proprietary Index is composed of a non-risky component represented by the daily compounding of the EONIA Rate (the "Non-Risky Component") and a risky component represented by an Index Reference Fund (the "Risky Component") elected from time to time among the following Index Funds:*

Index Fund	Identifier Code (ISIN)	Index Fund Name	Annual Percentage Fees	Nav Lag	Execution Delay
Index FundA	[ ]	[ ]	[ ]%	[ ]	[ ]
Index FundB	[ ]	[ ]	[ ]%	[ ]	[ ]

For the purpose of the rebalancing:  
 – the upper bound is equal to [ ] (the "Upper Bound") and  
 – the lower bound is equal to [ ] (the "Lower Bound")

The allocation of weights of the Risky Component and the Non-Risky Component will be determined on the basis of a target percentage equal to [•]% (the "Target Volatility Level").]

*[in the case of Spread Certificates, the following two Underlyings:*  
 - Underlying A: *[name of the Underlying [•]] [Share/ADRs/GDRs] [Index] [Commodity] [Futures Contract] [Exchange Rate] [Interest Rate] [Fund] [a Basket composed of [specify basket constituents [•]] (each a Basket Constituent)]; and*  
 - Underlying B: *[name of the Underlying [•]] [Share/ADRs/GDRs] [Index] [Commodity] [Futures Contract] [Exchange Rate] [Interest Rate] [Fund] [a Basket composed of [specify basket constituents [•]] (each a Basket*

Constituent)] the ("**Spread**")]

[*in the case of Multiperformance Certificates insert:*, in relation to the calculation of [*specify remuneration amount [•]*] [and of] the Settlement Amount, the sum of the performances of each Underlying (the "**Cumulated Performance**") will be considered.]

[*in the case of Gap Certificates insert:*, in relation to the calculation of [the Premium Gap Amount[s]] [and of] the Settlement Amount, the daily performance of the Underlying on the basis of its [Reference Value(the "**Gap Daily Performance**") will be considered.]

[*in the case of Buffer Protection Certificates insert:*, in relation to the calculation of [*specify remuneration amount [•]*] [and of] the Settlement Amount, the sum of the performances of the Underlying (the "**Performance Sum**") in respect of any Performance Observation Date, will be considered.]

[[*in case of Currency Certificates insert:*the following exchange rates:

exchange rate	Exchange Rate Weight
[ ]	[ ]%
[ ]	[ ]%
[ ]	[ ]%

]

[*in the case of Global Performance Certificates insert:*, in relation to the calculation of [*specify remuneration amount [•]*] [and of] the Settlement Amount, the [sum][average] of the performances of the Underlying (the "**Performance Sum**") in respect of any Performance Observation Date, will be considered.]

In particular, the Securities are linked to the performance of the Underlying and their value depends also on the volatility of such Underlying, [the applicable interest rates], the time from the Issue Date [and the correlation between the Basket Constituents].

**C.16**      **The expiration or maturity date of the derivative securities – the exercise date or final reference date**

Exercise Date

[*In the case of Warrants insert:*  
 [The Securities are European Style Warrants. The Exercise Date of the Securities is [[•] [specified for each Series in the Annex to the Summary]].]  
 [The Securities are American Style Warrants. The American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period [from [•] to [•]] [specified for each Series in the Annex to the Summary].]

[*In the case of Certificates insert:*  
 Each Certificate shall be automatically exercised on the Exercise Date. The Exercise Date is [•]. [Otherwise, they may be redeemed before the Exercise Date upon the occurrence of an Early Redemption Event.]

[*If a Call Option/Put Option is applicable:* the Certificates may be redeemed also in the case of the exercise of the [Call Option by the Issuer (on [the] [a] Call Valuation Date, i.e. [•])] [or] [Put Option by the investor (on [the] [a] Put Valuation Date, i.e. [•])].]

[*In case of Benchmark Certificates, if the Open End Feature is applicable:* No Exercise Date will be provided and the Certificates may only be redeemed following the exercise of the [Call Option by the Issuer (on [the] [a] Call Valuation Date, i.e. [•])] [or] [Put Option by the investor (on [the] [a] Put Valuation Date, i.e. [•])].]

Valuation Date

The Valuation Date of the Securities is [[•] [specified for each Series in the Annex to the Summary]], subject to certain adjustment provisions which will apply if it is not a scheduled trading day on which [(i) the Index Sponsor fails to publish the level of the Index,] [(ii) [(i) any relevant stock exchange fails to open for trading during its regular trading session or [(iii) [(ii) certain market disruption events have occurred.]

Settlement Date

[*Insert if the Securities are Cash Settled:*  
 [The Settlement Date of the Securities is [•]]  
 [The Settlement Date of the Securities is specified for each Series in the Annex to the Summary.]]

[*Insert if the Securities are Physically Settled Securities:*

		The Settlement Date of the Securities is [•].]
C.17	<b>Settlement procedure</b>	<p><i>[Insert if the Securities are Cash Settled Securities:</i></p> <p>The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each Security by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the Settlement Date, less any Expenses not already paid, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Securities must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each such payment.]</p> <p><i>[Insert if the Securities are Physically Settled Securities:</i></p> <p>[In the case of physical delivery,][S][s]subject to payment of any Expenses <i>[Insert in case of Warrants: and of the Premium]</i> with regard to the relevant Securities, the relevant Issuer shall, on the Settlement Date, deliver, or procure the delivery of, the Entitlement for each Security pursuant to the details specified in a notice (the “<b>Physical Delivery Confirmation Notice</b>”) provided by the relevant Securityholder.</p> <p>In the event that no valid Physical Delivery Confirmation Notice has been duly delivered at or prior to 10.00 a.m. (Brussels or Luxembourg time, as the case may be) on the Exercise Date in respect of a Security, the Issuer in respect of such Security shall pay or cause to be paid the Assessed Value Payment Amount by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg as soon as reasonably practicable following the determination of the Assessed Value Payment Amount. Upon payment of the Assessed Value Payment Amount as aforesaid, the Issuer's obligations in respect of such Certificate shall be discharged. The “Assessed Value Payment Amount” means an amount determined by the Calculation Agent to be the fair market value of the Relevant Assets comprised in the Entitlement in respect of the relevant Certificate, less any Expenses.]</p> <p><i>[Insert if the Securities have an option to vary settlement:</i></p> <p>Upon a valid exercise of Securities, the Issuer may, at its sole and unfettered discretion, in respect of each such Security, elect not to pay the relevant Securityholders the Cash Settlement Amount or not to deliver or procure delivery of the Entitlement to the relevant Securityholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Securityholders, as the case may be. Notification of such election will be given to Securityholders no later than 10.00 a.m. (Luxembourg time) on the second Business Day following [the Exercise Date] [the Actual Exercise Date].]</p>
C.18	<b>Description of how the return on derivative securities takes place</b>	<p>[The [Certificates][Warrants] have an issue price equal to [•] [(the “<b>Issue Price</b>”)][(the “<b>Premium</b>”).]</p> <p><i>[If the Discount Price is applicable insert:</i> The Certificates will be traded on the basis of the discount price, which is lower than the Issue Price and is equal to [•] (the “<b>Discount Price</b>”).]</p> <p style="text-align: center;"><b>[REMUNERATION AMOUNT[S]</b></p> <p>The Certificates provide for the following remuneration amount[s]. <i>[For each remuneration amount specify, if applicable: The [specify remuneration amount [•]] [will cease to be due upon occurrence of a Knock-out Event, described as follows.][becomes payable after the occurrence of a Knock-in Event, described as follows.]</i></p> <p><u><i>[Knock-out Feature</i></u></p> <p>The <i>[specify remuneration amount(s) [•]]</i> eventually payable, will cease to be due and payable to the Securityholders if the [Reference Value of the [relevant] Underlying] [Spread] [the Cumulated Performance] on <i>[specify the date(s) of the period and for each period if more than one: [•]]</i> (the “<b>[specify the number if more than one [•]] Knock-out Valuation Period[s]</b>”) is [lower than] [higher than] [[or] equal to] <i>[specify the level of the period and for each period if more than one: [•]]</i> (the “<b>Knock-out Level[s]</b>”) (such event a “<b>Knock-out Event</b>”). [Upon the occurrence of a Knock-out Event the investor will not benefit from the payment of any further <i>[specify remuneration amount [•]]</i>.]</p> <p><u><i>[Knock-in Feature</i></u></p> <p>The <i>[specify remuneration amount(s) [•]]</i> will become payable to the Securityholders if the [Reference Value of the [relevant] Underlying] [Spread] [the Cumulated Performance] on <i>[specify the date(s) of the period and for each period if more than one: [•]]</i> (the “<b>[specify the number if more than one [•]] Knock-in Valuation Period[s]</b>”) is [lower than] [higher than] [[or] equal to] <i>[specify the level of the period and for each period if more than one: [•]]</i> (the “<b>Knock-in Level[s]</b>”) (such event a “<b>Knock-in Event</b>”).]</p> <p style="text-align: center;"><b>[DIGITAL AMOUNT[S]</b></p>

The Certificates provide for the Digital Amount[s].

In particular, if the [Reference Value of the [relevant] Underlying][Spread][Cumulated Performance] on [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] **Digital Valuation Period[s]**"),

[[If Single Level Option/Multiple Level Option is applicable insert: is [lower than] [higher than] [[or] equal to] [specify the level(s) of the period and for each period if more than one: [•]] (the "**Digital Level[s][•]**")],

[If Range Level Option is applicable insert: falls [within] [out of] a range between [specify the level of the period and for each period if more than one: [•]] [included][excluded] (the "**Up Range Digital Level[s]**") and [specify the level of the period and for each period if more than one: [•]] [included/excluded] (the "**Down Range Digital Level[s]**"),]

[If Cliquet Feature is applicable insert: is [lower than] [higher than] [[or] equal to] [specify the level of the period: [•]] (the "**Digital Level**") (provided that the Digital Level will be updated by the Calculation Agent from time to time, and the Calculation Agent will determine the Reference Value of the Underlying: (i) in relation to the relevant Digital Valuation Period or (ii) only when the Digital Event has occurred, in the relevant Digital Valuation Period),]

the investor will receive the [relevant] amount (the "**Digital Amount[s]**"), equal to

[[specify the amount(s) for the level/period and for each level/period if more than one: [•]] [If a Multiple Level Option is applicable insert: On the [relevant] Digital Valuation Period, the investor will receive only the Digital Amount corresponding to the higher Digital Level reached by the Reference Value of the Underlying.]

[If Coupon Event is applicable: equal to [•]] (the "**Coupon Premium 1**"), if the [Reference Value of the [relevant] Underlying] [Spread] [the Cumulated Performance] on [specify the date(s) of the period: [•]] (the "**Coupon Determination Period**") is [lower than] [higher than] [[or] equal to] [•] (the "**Coupon Level**") (such event a "**Coupon Event**"). Otherwise, if the Coupon Event does not occur, the Digital Amount[s] will be equal to [•] (the "**Coupon Premium 2**").]

[In relation to the Digital Amount[s], the following effect[s] [applies][apply]:

*[Consolidation Effect*

If the [Reference Value of the [relevant] Underlying] [Spread][Cumulated Performance] on [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] **Consolidation Valuation Period[s]**") is [lower than] [higher than] [[or] equal to] [specify the level of the period and for each period if more than one: [•]] (the "**Consolidation Level[s]**"), the Digital Event will automatically occur without further determinations for all the Digital Valuation Periods following the occurrence of the [relevant] Consolidation Valuation Period.]

*[Memory Effect*

If the [Reference Value of the [relevant] Underlying][Spread][Cumulated Performance] on [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] **Memory Valuation Period[s]**") is [lower than] [higher than] [[or] equal to] [specify the level of the period and for each period if more than one: [•]] (the "**Memory Level[s]**"), the investor will receive the previously unpaid Digital Amount[s] [(except where such Digital Amount[s] [was][were] already paid due to the occurrence of a Memory Effect in a previous Memory Valuation Period)].]

*[Path Dependency Effect*

The Digital Amount increase in relation to each Digital Valuation Period. Such increase will depend on the occurrence of the Digital Events in the previous Digital Valuation Periods. In particular, the increase will be calculated as the product of (i) [•] (the "**Path Dependency Amount**") and (ii) the number of the Digital Events that have occurred from the first Digital Valuation Period (included) until the Digital Valuation Period on which such Digital Amount is calculated.]

**[ACCUMULATED AMOUNT[S]]**

The Certificates provide for the Accumulated Amount[s].

In particular, the investor will be entitled to receive, in relation to the following date[s]: [specify the dates: [•]] (the "[specify the number if more than one [•]] **Accumulated Valuation Date[s]**") the [relevant] amount (the "**Accumulated Amount**"), that will be equal to the product between an amount, equal to [specify the amount(s) for each period if more than one: [•]] (the "**Accumulating Amount[s]**"), and the number of Accumulating Events (as defined below) occurred during the [relevant] period (such period, the "**Accumulating Valuation Period**"). The Accumulating Valuation Period[s] [is][are]: [specify the date(s) of the period and for each period if more than one: [•]] [if more than one period, insert: (the "[specify the number if more than one [•]] **Accumulating Valuation Period**")].

The occurrence of the Accumulating Event[s] will be contingent upon the [Reference Value of the [relevant] Underlying][Spread][Cumulated Performance] on the [relevant] Accumulating Valuation Period [being [lower than][higher than][or][equal to] [specify the level of the period and for each period if more than one: [•]]] (the "**Accumulating Level[s]**"), [falls [within] [out of] a range between [specify the level of the period and for each period if more than one: [•]] [included][excluded] (the "**Up Range Accumulating Level[s]**") and [specify the level of the period and for each period if more than one: [•]] [included/excluded] (the "**Down Range Accumulating Level[s]**")].

[If an Early Redemption Level is provided, and if applicable, specify: The Accumulated Amount will be paid only upon occurrence of an Early Redemption Event (as indicated in relation to the Early Redemption Amounts). In such case, the Accumulated Amount will be paid on the Accumulated Payment Date coinciding with, or immediately after, the Early Payment Date in relation to which an Early Redemption Event has occurred.]

[PLUS AMOUNT[S]]

The Certificates provide for the unconditional payment of the Plus Amount[s], that [is][are] not linked to the performance of the Underlying. The Plus Amount[s] [is][are] equal to [specify the amount(s) for each payment date if more than one: [•]], and will be paid on the following date[s]: [specify the date(s): [•]] (the "[specify the number if more than one [•]] **Plus Payment Date[s]**").]

[INTERNAL RETURN AMOUNT[S]]

The Certificates provide for the Internal Return Amount[s].

In this case, the Internal Return Amount, which is [IRA Compound] [IRA Simple], will be linked to the performance of the Underlying and calculated on such performance which is annualised in relation to the following date[s]: [specify the date(s): [•]] (the "[specify the number if more than one [•]] **Annual Valuation Date[s]**"). [if a IRA Cap is applicable: in addition, the Internal Return Amount[s] will be subject to a maximum amount represented by the IRA Cap, i.e. [•]].]

[PARTICIPATION REMUNERATION AMOUNT[S]]

The Certificates provide for the Participation Remuneration Amount[s].

The Participation Remuneration Amount consists of an amount determined on the following date[s]: [specify the date(s): [•]] (the "[specify the number if more than one [•]] **Participation Valuation Date[s]**"), which is linked to the [positive (i.e. it increases if the performance is positive and it is equal to zero if such performance is negative)][negative (i.e. such remuneration increases if the performance is negative and it is equal to zero if the performance is positive)] performance of the [[relevant] Underlying][Spread] during the following period[s]: [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] **Participation Valuation Period[s]**"). [If a Cap is applicable: The Participation Remuneration Amount[s] will not be higher than equal to [•]] (the "**Cap**").]

[In relation to the Participation Remuneration Amount[s], the following feature[s] [applies][apply]:

[Participation Rebate Feature

If the [Reference Value of the [relevant] Underlying][Spread] on the following period[s]: [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] **Participation Rebate Valuation Period[s]**"), is [lower than] [higher than] [[or] equal to] [specify the level of the period and for each period if more than one: [•]] (the "**Participation Rebate Level[s]**"), (such event a "**Participation Rebate Event**"), the investor will receive the amount[s] equal to [specify the amount(s) in relation to each period if more than one: [•]] (the "**Participation Rebate Amount[s]**") following the Participation Rebate Valuation Period on which the Participation Rebate Event has occurred. Otherwise, if a Participation Rebate Event has not occurred during a Participation Rebate Valuation Period, the Certificates will pay the [relevant] Participation Remuneration Amount.

[Net Profit Feature

The sum of the [specify remuneration amount [•]] already paid prior to [each] [the] [Participation Valuation Date] will be deducted from the Participation Remuneration Amount to be paid, provided that the resulting amount cannot be lower than zero.]

[PREMIUM GAP AMOUNT[S]]

Gap Certificates provide for the payment of the Premium Gap Amount[s].

Such amount[s] may vary depending on the occurrence of a Barrier Gap Event. The Barrier Gap Event occurs if the Gap Daily Performance on the following period[s]: [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] **Barrier Gap Observation Period[s]**"), is [lower than] [higher than] [[or] equal to] [specify the level of the period and for each period if more than one: [•]]

(the "**Barrier Gap Level[s]**"),] (such event a "**Barrier Gap Event**"). The date on which the Barrier Gap Event has occurred is the "**Barrier Gap Event Date**".

After the occurrence of the Barrier Gap Event:

- The Premium Gap Amount[s] will be determined on the basis of the actual number of days within the [relevant] Premium Gap Observation Period and not on the basis of all the days of the [relevant] Premium Determination Period and
- [after the payment of the Premium Gap Amount that will be paid on the payment date following the Barrier Gap Event Date on which a Barrier Gap Event has occurred, no further Premium Gap Amount will be paid to the investors.]

The Premium Determination Period[s] [is][are] the following: [*specify the date(s) of the period and for each period if more than one: [•]*] [(the "*specify the number if more than one [•]*) **Premium Determination Period[s]**"].

[Each] [The] Premium Gap Observation Period will be the period from the initial date of the [relevant] Premium Determination Date [included][excluded], to the [relevant] Barrier Gap Event Date [included][excluded]. If the Barrier Event has not occurred the Premium Gap Observation Period will coincide with the [relevant] Premium Determination Period.

[*Specify the determination method for each Premium Determination Method*: The determination method of the Premium Gap Amount [in relation to the [•] Premium Determination Period] is:

[FLOATING PREMIUM: the investor will receive a Premium Gap Amount linked to a percentage equal to [•] (the "**Premium Percentage**") of the [•] [EURIBOR] [LIBOR][CMS Rate][EONIA Rate] [[+/-][•] (the "**Premium Margin**")]. Such amount shall be calculated on the basis of the number of days during of the [relevant] Premium Gap Observation Period, according to the day count fraction [ACT/360][Actual/Actual].]

[FIXED PREMIUM: the investor will receive a Premium Gap Amount linked to a percentage equal to [•] (the "**Premium Percentage**"). Such amount shall be calculated on the basis of the number of days during of the [relevant] Premium Gap Observation Period, according to the day count fraction [ACT/360][Actual/Actual].]

[DIFFERENCE IN RATES: the investor will receive a Premium Gap Amount linked to a percentage equal to [•] (the "**Premium Percentage**") of the difference between [*specify the relevant Reference Rate 1 which can be a Reference Entity [•]*] and [*specify the relevant Reference Rate 2 which can be a Reference Entity [•]*], provided that if such amount is less than zero, it shall be deemed to be zero. Such amount shall be calculated on the basis of the number of days during of the [relevant] Premium Gap Observation Period, according to the day count fraction [ACT/360][Actual/Actual].]

\*\*\*\*

#### [EARLY REDEMPTION AMOUNT[S]

The Certificates provide the possibility of an automatic early redemption if an Early Redemption Event has occurred.

[In particular, if the [[Reference Value] of the [relevant] Underlying[s]] [Spread] [Cumulated Performance] in relation to [*specify the date(s) of the period and for each period if more than one: [•]*] [(the "*specify the number if more than one [•]*) **Early Redemption Valuation Period[s]**"]) is [*specify in relation to each period if different: [lower than] [higher than] [[or] equal to] the Early Redemption Level [and][or] [has been, at least once during the [relevant] Early Redemption Valuation Period, [lower than] [higher than] [[or] equal to] the Early Redemption Level [and][or] [has never been during the [relevant] Early Redemption Valuation Period [lower than] [higher than] [[or] equal to] the Early Redemption Level], equal to [*specify the level of the period or the different levels for the same period and for each period if more than one: [•]*], the certificate will be automatically redeemed and the Securityholder will receive on the [relevant] Early Payment Date, i.e. [•], the payment of the [relevant] amount, [equal to [*specify the amount(s) in relation to each period if more than one: [•]*]] (the "**Early Redemption Amount[s]**") [In the case the Coupon Event is applicable: equal to [•] (the "**Coupon Premium 1**"), if the [Reference Value of the [relevant] Underlying] [Spread] [the Cumulated Performance] on [*specify the date(s) of the period: [•]*] (the "**Coupon Determination Period**") is [lower than] [higher than] [[or] equal to] [•] (the "**Coupon Level**") (such event a "**Coupon Event**"). Otherwise, if the Coupon Event does not occur, the Early Redemption Amount[s] will be equal to [•] (the "**Coupon Premium 2**").]*

[In particular, if the Accumulated Amount[s] payable on the [relevant] Accumulated Valuation Date is [lower than][higher than][or][equal to] the [relevant] [*specify the amount(s) in relation to Accumulated Valuation Date if more than one: [•]*] (the "**Accumulating Autocallable Trigger**"), the certificate will be automatically redeemed and the Securityholder will receive on the [relevant] Early Payment Date, i.e. [•], the payment of the [relevant] amount, equal to [*specify the amount(s) in relation to each period if more than one: [•]*] (the "**Early Redemption Amount[s]**").]

\*\*\*\*

**[[CASH] SETTLEMENT AMOUNT**

The Securityholder will receive on the Settlement Date [if an Early Redemption Event has not occurred] for each Minimum Exercise [Amount][Number] [specified for each Series in the Annex to the Summary] the payment of the Cash Settlement Amount (if positive) determined as follows [*Insert In the event of Non Quanto Securities, provided that, since the Underlying Reference Currency is different from the Settlement Currency, the Cash Settlement Amount will be exchanged into the Settlement Currency at the applicable Exchange Rate.*]

**CALCULATION METHOD IN THE CASE OF [POSITIVE] [AND] [NEGATIVE] PERFORMANCE OF THE [RELEVANT] UNDERLYING [(BARRIER EVENT) (BARRIER GAP EVENT) NOT OCCURRED]**

[STANDARD [LONG][SHORT] CERTIFICATES

The investor will receive an amount linked to a percentage of the Initial Reference Value, equal to [•] (the "**Initial Percentage**").]

[MAX [LONG] [SHORT] [CAP] CERTIFICATES

[The investor will receive a percentage of the invested capital equal to [•] with the possibility to participate to the [increasing] [decreasing] performance of the Underlying depending on a percentage equal to [•] (the "**Participation Factor**").] [The Cash Settlement Amount will not exceed the Cap Level, equal to [•].] [*If the Restrike Feature is applicable insert: Upon the occurrence of a Restrike Event, which occurs if, on [specify the date(s) of the period and for each period if more than one: [•]] [(the "[specify the number if more than one [•]] Restrike Observation Period[s]"), the Reference Value is [higher than] [lower than] [[or] equal to [•] (the "**Restrike Level**"), [Insert in the case of Cap Style 1: the Initial Reference Value will be automatically set at a percentage of the Initial Reference Value which is equal to the Restrike Percentage, equal to [•]. All the values that depend on the Initial Reference Level will be consequently amended.] [Insert in the case of Cap Style 2: the Cap Level will not be taken into consideration for the purposes of the Cash Settlement Amount.]*]

[TYPE A SPREAD CERTIFICATES

The investor will receive an amount linked to the average between: (i) a percentage of the Initial Reference Value of the Underlying A equal to [•] [[+/-] [•]] and (ii) a percentage of the Initial Reference Value of the Underlying B equal to [•] [[+/-] [•]], multiplied by the relevant multipliers.]

[TYPE B [CAP] SPREAD CERTIFICATES

The investor will receive (1) an amount linked to the average between (i) a percentage of the Initial Reference Value of the Underlying A equal to [•] [[+/-] [•]] and (ii) a percentage of the Initial Reference Value of the Underlying B equal to [•] [[+/-] [•]], multiplied by the relevant multipliers and (2) an amount linked to a percentage of the Spread equal to [•] (the "**Participation Factor**"). [In any case, the Cash Settlement Amount will not be higher than the CAP, equal to [•].]

[TYPE C [CAP] SPREAD CERTIFICATES

**a. If the Spread [[+/-] [•]] is higher than or equal to 0:**

In this case, the investor will receive an amount that will depend on the Participation Factor, equal to [•] multiplied by the Spread [[+/-] [•]] [, but it will not be higher than [•] (the "**Cap Amount**").]

**b. If the Spread [[+/-] [•]] is lower than 0:**

In this case, the investor will receive an amount that will depend on the Down Participation Factor, equal to [•] multiplied by the Spread [[+/-] [•]] [, but it will not be lower than [•] (the "**Protection Amount**").]

[TWIN WIN [CAP] CERTIFICATES

**a. If the Final Reference Value is higher than or equal to the Initial Reference Value, multiplied by the Strike Percentage (equal to [•]):**

In this case, the investor will receive the capital invested plus an amount linked to the performance of the Underlying multiplied by a percentage equal to [•] (the "**Participation Factor**"). [In any case, the Cash Settlement Amount will not be higher than the CAP, equal to [•].]

**b. If the Final Reference Value is lower than the Initial Reference Value, multiplied by the Strike Percentage (equal to [•]) (and the Barrier Event, if applicable, has not occurred):**

In this case, the investor will receive the capital invested plus an amount linked to the performance of the Underlying, multiplied by a percentage equal to [•] (the "**Down Participation Factor**"). [In any case, the Cash Settlement Amount will not be higher than the Cap Down Amount, equal to [•].]

[BENCHMARK [LONG] [SHORT] CERTIFICATES



[The investor will be exposed to the performance of the Underlying. As a result, on the Settlement Date, the investor will receive an amount, if positive, equal to the Final Reference Value multiplied by the Multiplier][The exposure of the investor will be inversely proportioned to the performance of the Underlying, therefore the investor will receive an amount, if positive, equal to the difference between the Strike Price, equal to [•], and the Final Reference Value, multiplied by the Multiplier] [net of [the Annual Management Fee, which will be calculated on the basis of a percentage equal to [•] (the "AMF Percentage")] [the Variable Management Fee, which will be calculated on the basis of a percentage equal to [•] (the "AMF Percentage") and on the basis of a percentage equal to [•] (the "VMF Percentage")]]] [*Insert in the case of physically settled Certificates: the Entitlement, being the quantity of [specify relevant assets] (the "Relevant Assets")*].

[OUTPERFORMANCE [LONG] [SHORT] [CAP] CERTIFICATES

**a. If the Final Reference Value is equal to or higher than the Initial Reference Value:**

In this case, the investor will receive a Cash Settlement Amount, if positive, linked to the performance of the Underlying, depending on a percentage equal to [•] (the "Up Participation Factor"). [The Cash Settlement Amount will not exceed the Cap Level, equal to [•].]

**b. If the Final Reference Value is lower than the Initial Reference Value:**

In this case, the investor will receive a Cash Settlement Amount, if positive, linked to the performance of the Underlying, depending on a percentage equal to [•] (the "Down Participation Factor").]

[BUFFER PROTECTION CERTIFICATES]

[The Cash Settlement Amount will depend on whether a Buffer Event has occurred. In particular, the Buffer Event will occur if on [•] (the "Buffer Valuation Date[s]"), the Performance Sum is [lower than] [higher than] [[or] equal to] [•] (the "Buffer Percentage").

**a. If the Buffer Event has not occurred during the life of the Certificates:**

In this case, the investor will receive an amount linked to a percentage of the Initial Reference Value equal to [•].

**b. If the Buffer Event has occurred during the life of the Certificates**

In this case, the investor will receive in any case at least a percentage of the Issue Price equal to [•] (the "Protection Percentage"), with the possibility to receive a higher amount which will depend on the Performance Sum and on the Buffer Percentage.]

[GLOBAL PERFORMANCE [CAP] CERTIFICATES]

[The investor will receive in any case at least a percentage of the Issue Price equal to [•] (the "Protection Percentage"), with the possibility to receive a higher amount which will depend on the Global Performance. [In any case, the Cash Settlement Amount will not be higher than the Cap Down Amount, equal to [•].]]

[LUCKY PROTECTION [LONG] CERTIFICATES

**a. if the Final Reference Value is equal to or higher than the Initial Reference Value:**

[In this case the investor will receive a Cash Settlement Amount which reflects the positive performance of the Underlying, depending on a percentage equal to [•] (the "Participation Factor").]

[In this case the investor will receive a Cash Settlement Amount linked to a percentage of the Initial Reference Value equal to [•] (the "Initial Percentage").]

**b. if the Final Reference Value is lower than the Initial Reference Value:**

In this case the investor will never receive an amount lower than the Dropdown Protection Level, equal to [•].]

[LUCKY PROTECTION [SHORT] CERTIFICATES

**a. if the Final Reference Value is equal to or lower than the Initial Reference Value:**

[In this case the investor will receive a Cash Settlement Amount which reflects the negative performance of the Underlying, depending on a percentage equal to [•] (the "Participation Factor").]

[In this case the investor will receive a Cash Settlement Amount linked to a percentage of the Initial Reference Value equal to [•] (the "Initial Percentage").]

**b. if the Final Reference Value is lower than the Initial Reference Value:**

In this case the investor will never receive an amount lower than the Dropdown Protection Level, equal to [•].]

[DYNAMIC PROTECTION [LONG] CERTIFICATES

**a. if the Final Reference Value is equal to or higher than the Initial Reference Value:**

[In this case, the investor will receive a Cash Settlement Amount which reflects the positive performance of the Underlying, depending on a percentage equal to [•] (the "Participation Factor").]

[In this case the investor will receive a Cash Settlement Amount linked to a percentage of the Initial Reference

Value equal to [•] (the "**Initial Percentage**").]

**b. if the Final Reference Value is lower than the Initial Reference Value but equal to or higher than the Dynamic Protection Level:**

In this case, the investor will receive a Cash Settlement Amount linked to the performance of the Underlying multiplied by a percentage whose value will be determined by subtracting to a percentage equal to [•] (the "**Initial Gearing**") the Final Gearing. The Final Gearing is calculated as the number of Gearing Events occurred during the life of the Certificates, multiplied by a percentage equal to [•] (the "**Gearing**"). The Gearing Event will occur when the Reference Value of the Underlying is [lower than] [higher than] [[or] equal to] the [relevant] Gearing Level, which is equal to [•].

**c. if the Final Reference Value is lower than the Dynamic Protection Level:**

In this case, the investors will receive a Cash Settlement Amount represented by the sum of (i) the Protection Amount, equal to [•] and (ii) the Step Up Amount, equal to [•], multiplied by the number of Gearing Events occurred during the life of the Certificates.]

[DYNAMIC PROTECTION [SHORT] CERTIFICATES

**a. if the Final Reference Value is equal to or lower than the Initial Reference Value:**

[In this case, the investor will receive a Cash Settlement Amount inversely proportioned to the performance of the Underlying, depending on a percentage equal to [•] (the "**Participation Factor**").]

[In this case the investor will receive a Cash Settlement Amount linked to a percentage of the Initial Reference Value equal to [•] (the "**Initial Percentage**").]

**b. if the Final Reference Value is higher than the Initial Reference Value but equal to or higher than the Dynamic Protection Level:**

In this case, the investor will receive a Cash Settlement Amount linked to the performance of the Underlying multiplied by a percentage whose value will be determined by subtracting to a percentage equal to [•] (the "**Initial Gearing**") the Final Gearing. The Final Gearing is calculated as the number of Gearing Events occurred during the life of the Certificates, multiplied by a percentage equal to [•] (the "**Gearing**"). The Gearing Event will occur when the Reference Value of the Underlying is [lower than] [higher than] [[or] equal to] the [relevant] Gearing Level, which is equal to [•].

**c. if the Final Reference Value is higher than the Dynamic Protection Level:**

In this case, the investors will receive a Cash Settlement Amount represented by the sum of (i) the Protection Amount, equal to [•] and (ii) the Step Up Amount, equal to [•], multiplied by the number of Gearing Events occurred during the life of the Certificates.]

[CURRENCY CERTIFICATES

In relation to such type, the investor will receive a percentage of the Issue Price depending on the weighted sum of the performances of the Underlyings.][*Insert if a Protection Percentage is applicable:* In any case the Cash Settlement Amount will not be lower than an amount equal to the Protection Percentage equal to [•], multiplied by the Issue Price.]

[MULTIPERFORMANCE [LONG] [SHORT] CERTIFICATES

The investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value equal to [•] (the "**Initial Percentage**").]

[MULTIPERFORMANCE MAX LONG [CAP] CERTIFICATES

[The investor will receive a percentage of the invested capital, equal to [•], with the possibility to participate to the increasing Cumulated Performance of the Underlyings depending on the Up Participation Factor, equal to [•].]

[The amount will not be higher than [•] (the "**Cap Amount**").]

[MULTIPERFORMANCE MAX SHORT [CAP] CERTIFICATES

[The investor will receive a percentage of the invested capital, equal to [•], with the possibility to participate to the decreasing Cumulated Performance of the Underlyings depending on the Up Participation Factor, equal to [•].]

[The amount will not be higher than [•] (the "**Cap Amount**").]

[DUAL CURRENCY FX [LONG] [SHORT] CERTIFICATES

The investor will receive an amount in the Issue Currency linked to a percentage of the Initial Reference Value equal to [•] (the "**Initial Percentage**").]

[GAP [LONG] [SHORT] CERTIFICATES

The investor will receive a percentage of the invested capital, equal to [•] (the "**Initial Percentage**").]

[SWITCH CERTIFICATES

**a. if the Switch Event has not occurred during the life of the Certificates:**

In this case, the Cash Settlement Amount will be calculated [•]. The Switch Event will occur if the [Reference Value] of the [Underlying] on [specify the date(s) of the period and for each period if more than one: [•]] (the "[specify the number if more than one [•]] Switch Valuation Period[s]"), is [lower than] [higher than] [[or] equal to] [specify the level of the period and for each period if more than one: [•]] (the "Switch Level[s]").]

[[[CALL][PUT][SPREAD] WARRANTS

The investor is entitled to receive, upon payment of the Premium, [in case of cash settled Warrants: a Cash Settlement Amount equal to: [in case of Call Warrants: the Notional Amount [specified for each Series in the Annex to the Summary] multiplied for the maximum between 0% and the performance of the Underlying] [in case of Call Spread Warrants: the Notional Amount [specified for each Series in the Annex to the Summary] multiplied by the minimum between the CAP (equal to [•]) and the maximum between 0% and the performance of the Underlying] [in case of Put Warrants: the Notional Amount [specified for each Series in the Annex to the Summary] multiplied for the maximum between 0% and the difference between 1 and the ratio between the Final Reference Value and the Initial Reference Value] [in case of Put Spread Warrants: the Notional Amount [specified for each Series in the Annex to the Summary] multiplied for the minimum between the CAP (equal to [•]) and the maximum between 0% and the difference between 1 and the ratio between the Final Reference Value and the Initial Reference Value] [in case of physically settled Warrants: the Entitlement, being the quantity of [specify relevant assets] (the "Relevant Assets") equal to: [•]]]

**[CALCULATION METHOD IN THE CASE OF [NEGATIVE] [POSITIVE] PERFORMANCE OF THE [RELEVANT] UNDERLYING – ([BARRIER EVENT] [BARRIER GAP EVENT] OCCURRED)**

The [Barrier Event] [Barrier Gap Event] will occur if [on the [last] Valuation Date] [during the Barrier Event Determination Period[s]] [during the Barrier Gap Observation Period[s]], the [Final Reference Value] [Reference Value] [Spread][Cumulated Performance] [Gap Daily Performance] of the [relevant] Underlying[s] [Specify in relation to which Underlying if more than one [•]] is [lower than] [higher than] [[or] equal to] [the Barrier Level][the Barrier Gap Level] equal to [specify the level of the period or the different levels for the same period and for each period if more than one: [•] [[and][or] [has been, at least once during the [relevant] [Barrier Event Determination Period] [Barrier Gap Observation Period] [lower than] [higher than] [[or] equal to] [the Barrier Level][the Barrier Gap Level] equal to [specify the level of the period or the different levels for the same period and for each period if more than one: [•]][%]] [[and] [or] has never been, during the [relevant] [Barrier Event Determination Period] [Barrier Gap Observation Period]] [lower than] [higher than] [[or] equal to] [the Barrier Level][the Barrier Gap Level] equal to [specify the level of the period or the different levels for the same period and for each period if more than one: [•]]]

[[[STANDARD] [MAX] [LONG] [TWIN WIN] CERTIFICATES

[If a Barrier Event has occurred, the Cash Settlement Amount will be linked [to the performance of the [relevant] Underlying (i.e. the investment in the Certificate is a direct investment in the Underlying) and therefore might be exposed to the partial [or total] loss of the capital invested.][to a percentage equal to [•] (the "Down Participation Factor")]

[Insert if a Protection Level is applicable: The protection of the capital invested will depend on the percentage of the Initial Reference Value equal to [•] (the "Protection Level").]

[Insert if Air Bag Factor is applicable: The investor will receive at the maturity an amount which is not directly proportionate to the performance of the Underlying due to the Air Bag Factor. Consequently, the investment loss is lower than the loss in value of the Underlying. Such reduction of the loss decreases with the reduction of the Final Reference Value until the Final Reference Value is equal to zero.]

[Insert if Sigma Amount is applicable: The investor will receive at least an amount equal to [•] (the "Sigma Amount").]

[Insert if Predetermined Loss is applicable: The investor will receive an amount which will depend on the Predetermined Loss Percentage equal to [•].]

[Insert if a Cap Barrier Amount is applicable: The Cash Settlement Amount will not exceed the Cap Barrier Amount equal to [•].]

[[[STANDARD] [MAX] [SHORT] CERTIFICATES

[If a Barrier Event has occurred, the Cash Settlement Amount will be [inversely proportionated to the performance of the Underlying (i.e. in a short position in respect of the Underlying) and therefore may be exposed to the partial [or total] loss of the capital invested.][linked to a percentage equal to [•] (the "Down Participation Factor")]

[Insert if a Short Protection is applicable: The protection of the capital invested is represented by an amount

equal to [•] (the "**Short Protection**").]

[Insert if *Predetermined Loss is applicable*: The investor will receive an amount which will depend on the Predetermined Loss Percentage equal to [•].]

[Insert if a *Cap Barrier Amount is applicable*: The Cash Settlement Amount will not exceed the Cap Barrier Amount equal to [•].]

#### [SPREAD CERTIFICATES]

If the Barrier Event has occurred,

[Insert if *Predetermined Loss is applicable*: the investor will receive an amount which will depend on the Predetermined Loss Percentage equal to [•].]

[Insert if *Spread Protection is applicable*: The investor will receive an amount which will depend on the Spread Protection, equal to [•].]

[Insert if the *Cash Settlement Amount will be linked to the Spread*: the investor will receive an amount directly linked to the Spread (the differential registered between the Performance of the Underlying A and the Performance of the Underlying B) and therefore the investor may be exposed to the total or partial loss of the capital invested.]

[Insert if the *Cash Settlement Amount will be linked to the performance of Underlying A*: the investor will receive an amount linked to the Performance of the Underlying A (i.e. the investment in the Certificate is a direct investment in the Underlying A) and therefore the investor may be exposed to the total or partial loss of the capital invested.]

[Insert if the *Cash Settlement Amount will be linked to the performance of Underlying B*: the investor will receive an amount linked to the Performance of the Underlying B (i.e. the investment in the Certificate is a direct investment in the Underlying B) and therefore the investor may be exposed to the total or partial loss of the capital invested.]

[Insert if a *Cap Barrier Amount is applicable*: The Cash Settlement Amount will not exceed the Cap Barrier Amount equal to [•].]

#### [MULTIPERFORMANCE [MAX] [LONG] [SHORT] CERTIFICATES]

If the Barrier Event has occurred, the investor will receive a Cash Settlement Amount which will depend on the Cumulated Performance of the Underlyings and the Down participation Factor, equal to [•]. [The Cash Settlement Amount will not be lower than [•].]

#### [GAP [LONG][SHORT] CERTIFICATES]

If a Barrier Gap Event has occurred the investor will receive an amount that will depend on the Barrier Gap Leverage (equal to [•]), the Gap Daily Performance and the Barrier Gap Level. Therefore the investor may be exposed to the total or partial loss of the capital invested.]

#### [DUAL CURRENCY FX [LONG] [SHORT] CERTIFICATES]

If a Barrier Event has occurred the investor will receive an amount in [the Issue Currency] [or] [the Dual Currency],

[If the *Barrier Event depends on the Final Reference Value*: which is a predetermined amount that depends on the Conversion Rate (equal to [•]) and on the Initial Percentage (equal to [•]).]

[If the *Barrier Event depends on the Reference Value*: that depends on:

**a. If the Final Reference Value [is equal to or higher than] [is equal to or lower than] the Strike Level (equal to [•]):**

In this case the investor will receive a predetermined amount in the Issue Currency that depends on the Initial Percentage (equal to [•]).

**b. If the Final Reference Value [is lower than] [higher than] the Strike Level (equal to [•]):**

In this case the investor will receive a predetermined amount in the Dual Currency that depends on the Conversion Rate (equal to [•]) and on the Initial Percentage (equal to [•]).]

\*\*\*\*

[In relation to [specify the *Remuneration Amount(s) and for what valuation period(s)*: [•]] [and] [the Early Redemption Amount[s]] [and] [the Cash Settlement Amount] the following option[s] apply:

#### *Best Of Feature*

The Calculation Agent selects the Best Of Underlying which is the underlying asset with the [specify, on the basis of the number of the Underlyings: [•]] best performance compared with the other underlying assets.]

[In relation to [specify the *Remuneration Amount(s) and for what valuation period(s)*: [•]] [and] [the Early Redemption Amount[s]] [and] [the Cash Settlement Amount] the following option[s] apply:

		<p style="text-align: center;"><i>Worst Of Feature</i></p> <p>The Calculation Agent selects the Worst Of Underlying which is the underlying asset with the <i>[specify, on the basis of the number of the Underlyings: [•]]</i> worst performance compared with the other underlying assets.]</p> <p>[In relation to <i>[specify the Remuneration Amount(s) and for what valuation period(s): [•]]</i> [and] [the Early Redemption Amount[s]] [and] [the Cash Settlement Amount] the following option[s] apply:</p> <p style="text-align: center;"><i>Digital Combo Feature</i></p> <p>The Calculation Agent will determine whether a Digital Event has occurred [and] [the Consolidation Effect] [and] [the Memory Effect] in relation to each [Basket Constituent][Underlying]. The amount of the Digital Amount will therefore depends on the numer of [Basket Constituents][Underlyings] in relation to which the Digital Event has occurred.]</p> <p>[In relation to <i>[specify the Remuneration Amount(s) and for what valuation period(s): [•]]</i> [and] [the Early Redemption Amount[s]] [and] [the Cash Settlement Amount] the following option[s] apply:</p> <p style="text-align: center;"><i>Participation Combo Feature</i></p> <p>The Calculation Agent will determine the [arithmetic mean][weighted average][sum] of the Participation Amounts for each [Basket Constituent] [Underlying].]</p> <p>[In relation to <i>[specify the Remuneration Amount(s) and for what valuation period(s): [•]]</i> [and] [the Early Redemption Amount[s]] [and] [the Cash Settlement Amount] the following option[s] apply:</p> <p style="text-align: center;"><i>Rainbow Feature</i></p> <p><i>[insert: (i) the financial assets which represent the Basket Constituents, (ii) the percentage of the weights within the Basket without any preliminary reference to specific financial activities and (iii) the objective criteria pursuant to which the weight will be allocated by the Calculation Agent (for instance, in a Basket constituted by three financial activities, the Basket would be weighted as follows: 50% for the Basket Constituent with the best performance; 30% for the Basket Constituent with the worst performance; and 20% for a Basket Constituent with the second best performance).]</i></p> <p>The Calculation Agent will weigh the relevant Basket Constituents on the basis of the performance registered on such determination date and pursuant to the objective criteria provided above. The allocation of the weights within a Basket may result differently on each determination date and depending on the performance of the Basket Constituents. The Calculation Agent will then calculate the total amount of the Basket pursuant to the methods applied to the instruments normally linked to the Basket.]]</p> <p style="text-align: center;">*****</p> <p style="text-align: center;"><b>[[PHYSICAL DELIVERY]</b></p> <p>[The Securityholder will receive on the Settlement Date [if an Early Redemption Event has not occurred] for each Minimum Exercise [Amount][Number] [specified for each Series in the Annex to the Summary] the Entitlement, being the quantity of <i>[specify relevant assets]</i> (the "<b>Relevant Asset(s)</b>") determined as <i>[specify details]</i>]</p>
C.19	<p><b>Exercise price or final reference price of the underlying</b></p>	<p>The exercise price of the Underlying[s] will be determined on the basis of [•].</p> <p>[The Reference Value will be calculated on the basis of the [•][level][price][amount] of the Underlying[s].]</p> <p>[For the purposes of the [Cliquet Feature][determination of the [Accumulating Event][Barrier Event][Barrier Gap Event][Coupon Event][Digital Event][Memory Effect][Consolidation Effect][Early Redemption Event][Extra Consolidation Digital Event][Gearing Event][Knock-in Event][Knock-out Event][Participation Rebate Event][Restrike Event][Switch Event][Internal Return Amount][Participation Remuneration Amount]][calculation of the performance in relation to the [Global Performance][Performance Sum]] the Reference Value will be [•].]</p> <p>[The Final Reference Value will be calculated on <i>[specify date(s)]</i> and will be an amount equal to [[[insert a predetermined value] [[•][level][price][amount] of the Underlying[s] on such date] [the arithmetic mean of the [•][levels][prices][amounts] of the Underlying[s] on such dates] [the [maximum][minimum] [•][level][price][amount] of the Underlying[s] on such dates] <i>[insert in the case of Exchange Rate Securities: the quotient of (a) 1 (as numerator) and (b) the [insert a predetermined value] [[•][level][price][amount] of the Underlying[s] on such date] [the arithmetic mean of the [•][levels][prices][amounts] of the Underlying[s] on such dates] [the [maximum][minimum] [•][level][price][amount] of the Underlying[s] on such dates] (as denominator)].]</i></p> <p>[The Initial Reference Value will be calculated on <i>[specify date(s)]</i> and will be an amount equal to [[[insert a predetermined value] [[•][level][price][amount] of the Underlying[s] on such date] [the arithmetic mean of the [•][levels][prices][amounts] of the Underlying[s] on such dates] [the [maximum][minimum]</p>

		<p>[•][level][price][amount] of the Underlying[s] on such dates] [<i>insert in the case of Exchange Rate Securities: the quotient of (a) 1 (as numerator) and (b) the [insert a predetermined value] [•][level][price][amount] of the Underlying[s] on such date [the arithmetic mean of the [•][levels][prices][amounts] of the Underlying[s] on such dates] [the [maximum][minimum] [•][level][price][amount] of the Underlying[s] on such dates] (as denominator)</i>][<i>insert in the case of Underlying represented by a Futures Contract and if the feature Futures Contract First Near-by is specified as applicable: the Reference Value of the futures contract first near-by with the expiry date which immediately follows the [•] (the "<b>Determination Date</b>") with the following rollover date[s] [•].]</i></p> <p>[<i>Insert in case of Proprietary Index Securities:</i> The Expected Final Calculation Date is [<i>specify date(s)</i>]. The Initial Calculation Date is [<i>specify date(s)</i>].]</p> <p>[<i>Insert if Open End Feature is applicable: No Exercise Date will be provided and the Valuation Date, for the calculation of the Cash Settlement Amount, will be identified following the exercise of [the Call Option by the Issuer (Call Valuation Date)] [or] [the exercise of the Put Option by the investor (Put Valuation Date)]. Without prejudice to the calculation methods of the Cash Settlement Amount, the Final Reference Value will be determined by the Calculation Agent on [the Call Valuation Date] [or] [the Put Valuation Date].]</i></p> <p>[<i>Insert if Call Option/Put Option apply: The Valuation Date, for the calculation of the Cash Settlement Amount, will be identified following the exercise of [the Call Option by the Issuer (Call Valuation Date)] [or] [the exercise of the Put Option by the investor (Put Valuation Date)]. Without prejudice to the calculation methods of the Cash Settlement Amount, the Final Reference Value will be determined by the Calculation Agent on [the Call Valuation Date] [or] [the Put Valuation Date].]</i></p> <p>[<i>Insert in the case of Warrants: The Strike Percentage is [•]</i>]</p>
C.20	<b>Type of underlying and where the information on the underlying can be found</b>	<p>The Underlying[s] [is[are] [•] <i>select one or more among the following: share or GDRs/ADRs (or basket of shares or GDRs/ADRs), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), future contract (or basket of futures contracts), proprietary index</i>]] [and the relevant [Exchange][Reference Source][Sponsor of the Index] [is] [•][specified for each Series in the Annex to the Summary]]].</p> <p>In respect of [•], [<i>specify the relevant ISIN code and the relevant source of information [•]</i>] [<i>in relation to proprietary index securities specify the index funds that may comprise the risky component and source of information [•]</i>].</p>
<b>Section D – RISKS</b>		
D.2	<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 the Certificates issued under the Programme. These include the following risk factors:</p> <ul style="list-style-type: none"> <li>i) Banca IMI's business may be adversely affected by international markets and economic conditions;</li> <li>ii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect Banca IMI's business and results of operations;</li> <li>iii) Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy. The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other Euro-zone and OECD nations, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, could have a material adverse effect on Banca IMI's business, results of operations or financial condition;</li> <li>iv) Banca IMI's business is exposed to counterparty credit risk. Banca IMI routinely executes transactions with counterparties in the financial services industry. Many of these transactions expose Banca IMI to the risk that the Banca IMI's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults on its obligations prior to maturity when Banca IMI has an outstanding claim against that counterparty;</li> <li>v) Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance. Adverse changes in the credit quality of Banca IMI's borrowers or a decrease in collateral values are likely to affect the recoverability and value of Banca IMI's assets and require an increase in Banca IMI's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect Banca IMI's financial performance;</li> <li>vi) Banca IMI's business is exposed to settlement risk (i.e. the risk of losing the principal on a financial contract due to default by the counterparty or after when Banca IMI has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or</li> </ul>

		<p>security has been finally confirmed) and transfer risk (i.e. is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the countries concerned);</p> <p>vii) Banca IMI's business is exposed to market risk, as the value of the financial and other assets held by Banca IMI in its trading portfolio may decrease as a result of changes in market variables ;</p> <p>viii) Banca IMI's business is exposed to operational risks (i.e. the risks of incurring losses as a result of the inappropriateness or the malfunctioning of procedures, mistakes or shortcomings of human resources and internal systems, or external events);</p> <p>ix) Banca IMI's business is exposed to liquidity risk (i.e. the risk that Banca IMI will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost);</p> <p>x) In the normal course of its business, Banca IMI is party to a number of legal proceedings including civil, tax and administrative proceedings, as well as investigations or proceedings brought by regulatory agencies. Such actions brought against Banca IMI may result in judgments, settlements, fines, penalties or other results adverse to Banca IMI which could materially adversely affect Banca IMI's business, financial condition or results of operation, or cause it serious reputational harm;</p> <p>xi) Banca IMI is exposed to risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value and linked to the entry into force of new accounting principles and to amendments to the applicable accounting principles. The estimates and assumptions used may vary from time to time and, as a result, in subsequent financial years the current values may differ, even significantly, due to changes in subjective assessments made or be otherwise reviewed to take account of changes occurred in that period;</p> <p>xii) Banca IMI's business is exposed to increasing competition in the financial services industry;</p> <p>xiii) Banca IMI's business is exposed to risks arising from the loss of key personnel;</p> <p>xiv) Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses. There can be no assurance that, should Banca IMI's risk management prove to be ineffective and/or ineffective in certain conditions or circumstances, this will not result in Banca IMI suffering unexpected losses or that such risk management inefficiency will not materially adversely affect Banca IMI's business, financial condition or results of operation;</p> <p>xv) Banca IMI's business is exposed to reputational risk. Banca IMI's ability to attract and retain customers and transact with its counterparties could be adversely affected to the extent its and/or Intesa Sanpaolo Group's reputation is damaged;</p> <p>xvi) Regulatory claims may arise in the conduct of the Banca IMI's business. There can be no assurances that breaches of regulations by Banca IMI will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred;</p> <p>xvii) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject including the Banking Resolution and Recovery Directive (BRRD). The powers set out in the BRRD, as implemented in Italy, impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Securities may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD, as implemented in Italy, or any suggestion of such exercise could therefore materially adversely affect the rights of Securityholders, the price or value of their investment in any Securities and/or the ability of the Issuer to satisfy its obligations under any Securities;</p> <p>xviii) Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate. Any market perception, or any concern regarding compliance with capital adequacy requirements under the CRR/CRD IV Package, could increase Banca IMI's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its results of operations, financial condition and liquidity;</p> <p>xix) Banca IMI's business is exposed to risk of changes in tax legislation as well as to increases in tax rates; and</p> <p>xx) Banca IMI's business is exposed to risk related to transactions in financial derivatives. Derivatives transactions expose the Issuer to the risk that the counterparty in derivative contracts defaults on its obligations or becomes insolvent before the relevant contract expires, when amounts are still payable to the Issuer by such party. The Issuer is also exposed to possible changes in the value of the financial instruments held (including financial derivatives).</p>
<b>D.6</b>	<b>Key risks</b>	An investment in relatively complex securities such as the Certificates involves a greater degree of risk than

<p><b>specific to the securities</b></p>	<p>investing in less complex securities. In some cases, investors may stand to lose [the value of their entire investment or part of it] [part of the value of their investment]. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme. In particular:</p> <p><i>(i) The Certificates may not be a suitable investment for all investors</i></p> <p>Certificates are complex financial instruments. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact that this investment will have on the potential investor's overall investment portfolio.</p> <p><i>(ii) Option Risk</i></p> <p>The Certificates are derivative financial instruments which may include an option right. Transactions in options involve a high level of risk.</p> <p><i>[(iii) Risk arising from the Benchmark Regulation</i></p> <p>[The Underlying] [The following Basket Component [•]] qualifies as a benchmark (the "<b>Benchmark</b>") within the meaning of Regulation (EU) 2016/1011 (the "<b>Benchmark Regulation</b>") which most provisions will apply from 1 January 2018. According to the Benchmark Regulation, a Benchmark could not be used as such if its administrator does not obtain authorisation or is based on a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the "equivalence" conditions, is not "recognised" pending such a decision and is not "endorsed" for such purpose. Consequently, it might be not possible to further utilise the Benchmark as [Underlying][Basket Component] of the Securities. In such event, depending on the particular Benchmark and the applicable terms of the Securities, the Securities could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted.</p> <p>Potential investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Securities.]</p> <ul style="list-style-type: none"> <li>• <b>Risks related to the structure of the Certificates</b></li> </ul> <p><i>( ) General risks and risks relating to the underlying asset or basis of reference</i></p> <p>The Securities 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><i>( ) Certain Factors Affecting the Value and Trading Price of Securities</i></p> <p>The Cash Settlement Amount at any time prior to the expiration is typically expected to be less than the trading price of the Securities at that time. The difference between the trading price and the Cash Settlement Amount will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period left until they expire and the expectations concerning the value of the underlying asset. Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Securities varies with the price of the underlying asset, as well as a number of other interrelated factors.</p> <p><i>( ) Certain Considerations Regarding Hedging</i></p> <p>Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in the underlying asset, should recognise the complexities of utilising Securities in this manner.</p> <p><i>[( ) Certain Considerations Associated with Share Securities</i></p> <p>In the case of Securities relating to a share or to a GDR/ADR (or basket of shares or basket of GDRs/ADRs), no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date that would affect the trading price of the shares will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the shares and therefore the trading price of the Securities. Securityholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Securities relate.]</p> <p><i>[( ) Certain Considerations Associated with Exchange Rate Securities</i></p> <p>Fluctuations in exchange rates will affect the value of Exchange Rate Securities. Purchasers of Securities risk losing their entire investment if the relevant exchange rates do not move in the anticipated direction.]</p> <p><i>[( ) Certain Considerations Associated with Fund Securities</i></p> <p>An investment in Fund Securities may bear similar market risks to a direct investment in the relevant fund(s) and investors should take advice accordingly.]</p> <p><i>[( ) Certain Considerations Associated with Futures Contract Securities</i></p> <p>The yield on Securities which are linked to futures contracts may not be perfectly correlated to the trend in the</p>
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price of the underlying asset of the future contract, as the use of futures contracts generally involves a rolling mechanism. Investors may only marginally benefit from any rise or fall in the price of the underlying asset of the future contract.[Since the feature Futures Contract First Near-by is applicable, the Issuer will be entitled to determine the Initial Reference Value on the basis of a Futures Contract First Near-by, i.e. the futures contract that has the same features of the Futures Contract indicated as Underlying, and has an expiration date which is the closest to the Determination Date. Since the Issuer will not make any adjustment to the price of the Securities following such rollover, investors should consider that the price of the futures contract used before the rollover may be different from the price of the futures contract used after the rollover.]]

*[ ( ) Certain Considerations Associated with Commodity Securities*

An investment in Commodity Securities may bear similar market risks to a direct commodity investment. The movements in the price of the Commodity may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices. The price of Commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which the relevant Commodities may be traded.]

*[ ( ) Certain Considerations Associated with Index Securities*

The underlying index may be a well-known and widely published index or an index which may not be widely published or available.]

*[ ( ) Certain Considerations Associated with Interest Rate Securities*

On the exercise of Interest Rate Securities, Securityholders will receive an amount (if any) determined by reference to the value of the underlying interest rate(s). Accordingly, an investment in Interest Rate Securities may bear similar market risks to a direct investment in the underlying interest rate, and investors should take advice accordingly.]

*[ ( ) Certain Considerations Associated with Combined Securities*

An investment in Combined Securities will entail significant risks depending on the specific underlying assets. The risk associated with the aforementioned types should be considered in accordance with the specific financial assets of each issue.]

*[ ( ) Certain Considerations Associated with Proprietary Index Securities*

In relation to an investment in Proprietary Index Securities, investors should consider the following risks:

*- Factors affecting the Proprietary Index*

The performance of the Proprietary Index is dependent upon the performance of each Component, which may depend on interest rates, currency developments, political factors, market factors such as the general trends in capital markets. If the Proprietary Index does not perform as expected, this will materially and adversely affect the market value of the Securities and the Cash Settlement Amount payable by the Issuer.

The frequency and magnitude of changes in the market prices of the fund may affect the market value of the Securities. Volatility is affected by a number of factors such as macro economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets.

*- Returns on the Securities do not reflect a direct investment in the fund*

The return payable on the Securities may not reflect the return a potential investor would realize if it actually owned the fund comprised in the risky component of the Proprietary Index. Accordingly, Securityholders may receive a lower Cash Settlement Amount than such Securityholders would have received if they had invested in the fund directly. The units comprised in the risky component of the Proprietary Index distribute no dividend.

*- A change in the weightings and/or composition of the Proprietary Index could adversely affect the market value of the Securities*

The Calculation Agent may rebalance the weighting of the components which comprise the Proprietary Index or proceed with the substitution of the fund with the other fund[s].

Such circumstances may adversely affect the market value of the Securities and the Cash Settlement Amount payable by the Issuer.

*- The Underlying is a Proprietary Index*

The relevant Proprietary Index is owned and maintained by Banca IMI S.p.A. as Index Sponsor. Banca IMI S.p.A. as the Calculation Agent is also responsible for the composition and calculation of the Proprietary Index. Banca IMI S.p.A. as Index Sponsor and Calculation Agent, is under no obligation to take into account the interests of the Securityholders. Banca IMI S.p.A. as Index Sponsor and Calculation Agent will have the authority to make determinations with respect to the Proprietary Index that could materially and adversely affect the market value of the Securities and the Cash Settlement Amount payable by the Issuer on the Settlement Date.

*- Provision of information*

Each investor should be aware that Banca IMI S.p.A. as Issuer, Calculation Agent, Index Sponsor and Calculation Agent in relation to the Proprietary Index has no obligation to provide the investor with any information which is in the public domain or any information additional to that which will be published on the fund relevant sources.]

*[ ( ) Certain Considerations Associated with Securities providing for the application of a Multiplier*

The Securities may provide for the application to the relevant Reference Items of a Multiplier in order to increase

or decrease the percentage of each Reference Item used to determine the amounts payable or deliverable to investors. The Multiplier may be lower than 100 per cent.

In such case, the amounts payable or deliverable to investors will be reduced and, therefore, will contribute to the yield of the Securities only to such reduced extent. The performance of the relevant reference item(s) will, therefore, impact the yield of the Securities only to a limited extent.]

[ ( ) Certain Considerations Associated with Securities providing for the application of a cap

The Securities provides for the application of a [maximum return payable to investors] [maximum value] to the relevant reference item(s). Therefore, the amounts payable to investors will be subject to such predetermined maximum.]

[ ( ) Loss risk in relation to the investment

The investor shall consider that, in relation to their investment, there is a risk of [total or] partial loss of the capital invested depending on the performance of the underlying asset.]

[ ( ) Cash Settlement Amount or the physical delivery of the Entitlement less than the Value of an Investment in the Securities

Each Securityholder may receive a Cash Settlement Amount, as applicable, and/or physical delivery of the Entitlement the aggregate value of which may be less than the value of the Securityholder's investment in the relevant Securities. In certain circumstances Securityholders may lose the entire value of their investment.]

[ ( ) Risk related to a [protection level] [protection amount] lower than 100%

The Certificates provides a protection [level][amount]. The protection [level][amount] represents the protection of the Issue Price of the Certificate and that the Cash Settlement Amount will not fall below such protection. The lower the protection, the higher the loss (if any) that the investor might suffer, given that the Issue Price of the Certificate will not be entirely protected and the Settlement Amount at the Exercise Date might be lower than the Issue Price.]

[ ( ) Exchange risk related to the absence of a Quanto Option

The investment in Securities which do not provide a Quanto Option may entail risks related to the exchange rate. The Underlying Reference Currency of the underlying is different from the Settlement Currency of the Securities. In particular, the return of the Security without a Quanto Option might be negative as the value of the underlying asset shall be exchanged in the Settlement Currency at the applicable exchange rate. Therefore, any negative variation of the exchange rate might frustrate either the performance of the underlying asset at maturity [and the returns linked to the Remuneration Amount] might determine a loss of the capital invested.]

[ ( ) Risk relating to Dual Currency Securities

The Cash Settlement Amount [and the Remuneration Amount[s]] are paid in the Settlement Currency which is different from the Issue Currency.

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in the Cash Settlement Amount [and in the Remuneration Amount[s]] and the timing of changes in the exchange rates may affect the actual return to investors.

Therefore, fluctuations in exchange rates of the relevant currencies (i.e. the Issue Currency and the Settlement Currency) will affect the value of Dual Currency Securities, and may determine a loss of the capital invested.]

[ ( ) Risk relating to Dual Currency FX Certificates

Upon occurrence of a Barrier Event, the Cash Settlement Amount may be payable in the Dual Currency which is different from the currency in which the Certificates are denominated (the Issue Currency). The Issue Currency is [•], and the Dual Currency is [•].

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in the Cash Settlement Amount and the timing of changes in the exchange rates may affect the actual return to investors.

Therefore, fluctuations in exchange rates of the relevant currencies (i.e. the Issue Currency and the Dual Currency) will affect the value of Dual Currency FX Certificates, and may determine a loss of the capital invested.]

[ ( ) Price Risk and components that determine the value of the Certificates

The Certificates are composed of a combination of several options and the Securityholder shall take into account that the value of the Certificates will depend on the value of each option composing the certificate. The fluctuation over the time of the value of each optional components mostly depends on the current value of the underlying asset to which the Certificates relate, the volatility of the underlying asset, the residual life of the options composing the Certificates, [the levels of the interest rates of the monetary markets,] [the expected dividends], [the correlation] as well as the business of the Issuer of the underlying asset, speculative contractions and other factors.

[ ( ) Risk related to [the Participation Factor] [the Up Participation Factor] [and] [the Down Participation Factor]

The Cash Settlement Amount will be calculated on the basis of the [Participation Factor, which is lower than

100% and, therefore, the investor will partially benefit from the [*Insert in case of Long Strategy: positive performance*] [*Insert in case of Short Strategy: negative performance*] of the Underlying.

[Up Participation Factor, which is lower than 100% and, therefore, the investor will partially benefit from the positive performance of the Underlying] [Down Participation Factor, which is higher than 100% and, therefore, the negative impact of the decreasing performance of the Underlying will be amplified.]

[ ( ) Risk related to the determination method of the Digital Level

In relation to the Certificates, the Issuer has set, at its own discretion, the Digital Level[s]. The higher the Digital Level in respect of the Initial Reference Value, the greater the possibility that the Digital Event will not occur and therefore that the relevant Digital Amount will not be paid. [*Insert if the Cliquet Feature is applicable: The investors should also consider that the Digital Level might be different in each Digital Valuation Period.*] [*Insert if the Range Level Option is applicable: In relation to the Range Level Option, the possibility that a Digital Event will not occur and therefore that the relevant Digital Amount will not be paid will depend on how the Up Range Digital Level and the Down Range Digital Level are set by the Issuer and on whether the value of the Underlying will be closer (in case it is represented by a value falling within the range) or more distant (in case it is represented by a value falling out of the range) in respect of the Initial Reference Value.*]

[ ( ) Risk related to the Knock-out Feature

In relation to [*specify the remuneration amount: [•]*], a Knock-out Feature applies. In this case, if the Knock-out Event occurs, such remuneration amount provided in relation to [such Knock-out Valuation Period][and][the valuation period[(s)] following such Knock-out Valuation Period] will be deactivated and will not be paid.]

[ ( ) Risk related to the Knock-in Feature

In relation to [*specify the remuneration amount: [•]*], a Knock-in Feature applies. In this case, if the Knock-in Event does not occur, such remuneration amount provided will not be activated and therefore will not be paid. The higher the Knock-in Level in respect of the Initial Reference Value, the greater the possibility that a Knock-in Event will not occur.]

[ ( ) Risk related to the occurrence of an Early Redemption Event

If an Early Redemption Event occurs, the Early Redemption Amount to be paid to the Securityholder will not depend on the value of the underlying asset[s] but it will be composed of an amount predetermined by the Issuer. [Furthermore, since the value of the underlying asset[s] is calculated as Intraday Value, the underlying asset[s] will be observed on a continuous basis and the probability that an Early Redemption Event occurs may be magnified.]

[ ( ) Risk related to the [Barrier Event]/[Barrier Gap Event]

If a [Barrier Event][Barrier Gap Event] occurs, the Cash Settlement Amount will be determined in accordance with a calculation method other than the calculation method applicable if the [Barrier Event][Barrier Gap Event] does not occur and such circumstance may have a negative influence on the price. This may entail the risk of partial [or total] loss of the investment.

[Furthermore, since the value of the underlying asset[s] is calculated as Intraday Value, the underlying asset[s] will be observed on a continuous basis and the probability that a [Barrier Event][Barrier Gap Event] occurs may be magnified.]

[Finally, in relation to the payment of the Premium Gap Amount[s] payable to the investor during the life of the Gap Certificates, the investor should consider that after the occurrence of the Barrier Gap Event the Premium Gap Amount will be determined on the basis of the actual number of days within the relevant Premium Gap Observation Period and not on the basis of all the days of the relevant Premium Determination Period and after the payment of the Premium Gap Amount that will be paid on the first Premium Payment Date following the Barrier Gap Event Date on which a Barrier Gap Event has occurred, no further Premium Gap Amount will be paid to the investors.]

[ ( ) Risk related to the Predetermined Loss Percentage

The lower the Predetermined Loss Percentage the smaller the Cash Settlement Amount that the investor will receive on the Settlement Date.]

[ ( ) Risk related to the [Best Of Feature] [and] [Worst Of Feature]

[*Insert in the case of Best Of Feature: The lower will be the performance selected by the Issuer among the financial activities within the underlying asset, the less the revenue that the investor will receive.*] [*Insert in the case of Worst Of Feature: The higher will be the performance selected by the Issuer among the financial activities within the underlying asset, the less the revenue that the investor will receive.*]

[ ( ) Risk related to the Baskets of Underlyings – [Risk related to the Rainbow Feature -] Correlation risk

In the case of a Basket of underlying assets, the investor shall take into account that the value and the return of the Certificates depends on the value of each Basket Constituents, the weighting allocated to each Basket Constituents and the correlation between the Basket Constituent. In the case of a Basket, the investor shall consider that a different weighting allocated to the Basket Constituents entails a higher or lower value of the Basket. [In the case of a Rainbow Feature, the investor shall consider that upon the variation of even only one Basket Constituent, the Reference Value of the Basket that is recorded on a determination date might be completely different from a

Reference Value recorded on a prior date.]

[ ( ) Risk related to management fees applied by the Issuer in case of Benchmark Certificates

The Issuer applies to the Benchmark Certificates [an Annual Management Fee which will be calculated according to the AMF Percentage. Such fee will accrue proportionally to the tenor of the Certificates and will not be affected in any way by the performance of the Underlying. The AMF will be deducted from the Cash Settlement Amount, and in case of listing of the Certificates on an exchange the price of the Certificates will include such AMF, as accrued progressively. [a Variable Management Fee, whose VMF Percentage may vary during the life of the Certificates. Any variation of the VMF Percentage will be published by the Issuer on its website and by appropriate communication to the relevant exchange where the Certificates are listed.]

Prospective investors in Benchmark Certificates should consider that the [*Insert in the case of Long Strategy: positive*][*Insert in the case of Short Strategy: negative*] performance of the Underlying during the life of the Certificates shall be considered net of the [AMF][VMF].]

[ ( ) Risk related to the Restrike Feature

In relation to the Restrike Feature, if a Restrike Event has occurred, the Initial Reference Value will be recalculated and set at the Restrike Percentage. Therefore, the amounts that the investor may receive, in case of Restrike Feature and upon occurrence of the Restrike Event, depend on the Restrike Percentage.]

[ ( ) Risk related to the Call Option

Prospective investors should consider that the Certificates will be exercised upon the Exercise of the Call Option by the Issuer. Therefore, the exercise of the Call Option by the Issuer might frustrate long term investment strategies pursued by the investors.]

[ ( ) Risk related to the Accumulated Amount's payment contingent upon occurrence of an Early Redemption Event

The Accumulated Amount will be paid only upon occurrence of an Early Redemption Event. As a result, even if one or more Accumulating Events have occurred, the Securityholders will not receive any Accumulated Amount unless an Early Redemption Event has occurred.]

[ ( ) Impact of running structuring fees on the value of the Certificates

Investors should also note that running structuring fees are applied by the Issuer in respect of the value of the Certificates.

Such running structuring fees will not be affected in any way by the performance of the relevant Underlying.

[*specify the running structuring fee and how such fee will be charged*]. Prospective investors should consider that the value of the Certificates will be affected by such fees also on the secondary markets.]

• ***Risks relating to Warrants***

Prospective investors should consider that (i) there will be a time lag between the time a Warrantholder gives instructions to exercise, or the time the Warrant is automatically exercised, and the time the applicable Cash Settlement Amount (in the case of cash settled warrants) relating to such exercise is determined, (ii) the risks associated with Minimum Exercise Amounts and (iii) that there may be limitations on a Warrantholder's ability to exercise the Warrants. [*insert if a Strike Percentage higher than 100% (in case of Call Warrants) or lower than 100% (in case of Put Warrants) is applicable: Furthermore, the Cash Settlement Amount will be calculated on the basis of the Strike Percentage, equal to [•]%. Such Strike Percentage contributes to the determination of the potential return of the Warrants.*

[*insert in relation to Call Warrants: Since it is higher than 100%, the positive performance of the Underlying will be considered partially in order to calculate the Cash Settlement Amount. Furthermore, in case of negative performance of the Underlying, the Cash Settlement Amount will be equal to zero.*]

[*insert in relation to Put Warrants: Since it is lower than 100%, the negative performance of the Underlying will be considered partially in order to calculate the Cash Settlement Amount. Furthermore, in case of positive performance of the Underlying, if the Strike Percentage is lower than 100% the Cash Settlement Amount will be equal to zero.*]

• ***Risks Related to Securities Generally***

(i) Option to Vary Settlement

The Issuer may have an option to vary settlement in respect of the Securities, at its sole and unfettered discretion, and may elect (1) not to pay the relevant Securityholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (2) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Securityholders

(ii) 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) Settlement Disruption Event

In the case of Physical Delivery Securities, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the the fair market value of such Security (less the cost of unwinding any underlying related hedging arrangements and any cost of funding in respect of such hedging arrangements) as determined by the Issuer in its sole and absolute discretion [plus, if already paid, the Premium] in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Securities.

(iv) Expenses and Taxation

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.

(v) 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, "foreign passthru payments" (a term not yet defined) made after 31 December 2018. This withholding would potentially apply to payments 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 after the "grandfathering date" which (A) with respect to Securities that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

While the Securities are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depository for the clearing systems (as bearer or registered holder of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the 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 for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Securities.

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

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "**IGA**"). The FATCA agreement between Italy and the United States entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015 (Law No. 95 dated 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015).

Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service. Please consider that if the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

(vi) U.S. Dividend Equivalent Payments

Section 871(m) of the Code and Treasury regulations promulgated thereunder ("**Section 871(m)**") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such equities and indices, "**U.S. Underlying Equities**"), unless reduced by an applicable tax treaty with the United States. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined generally upon the earlier of pricing or issuance, based on tests set forth in the applicable Treasury regulations (a "**Specified Security**"). Specifically, and subject to the calendar year 2017 exemption described below, Section 871(m) will apply if a financial instrument either meets (i) a "delta" test, if it is a "simple" contract, or (ii) a "substantial equivalence" test, if it is a "complex" contract. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations, as well as instruments that track such indices. Withholding tax under Section 871(m) is generally applicable with respect to financial instruments issued on or after 1 January 2017, but notional principal contracts and equity-linked instruments issued in calendar year 2017 will be exempt unless they have a "delta" of one (meaning that the fair market value of the notional principal contract or equity-linked instrument must replicate changes to the value of the U.S. Underlying Equities exactly) and are "simple." If the terms of a Security issued in calendar year 2017 (that is exempt from withholding under Section 871(m)) are "significantly modified" sometime after 2017 such that the Security is treated as retired and reissued for U.S. federal income tax purposes, it will lose this exemption.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If U.S. Underlying Equities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

(vii) 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.

(viii) 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 (i) illegal, in whole or in part for any reason, or (ii) by reason of a force majeure event (such as an act of God, fire, flood, severe weather conditions, or a labour dispute or shortage) or an act of state, impossible or impracticable, the Issuer may cancel the Securities. If the Issuer cancels the Securities, it will pay the holder of each Security an amount equal to the fair market value of such Security.

(ix) Hedging Disruption

[In connection with the offering of the Securities,] [t]/[T]he Issuer or its affiliates may enter into one or more hedging transaction(s) with respect to an Underlying or related derivatives, which may affect the market price, liquidity or value of the Securities.

In case of the occurrence of an Hedging Disruption the Calculation Agent may consider such event as an Early Redemption Event and the Issuer shall terminate its obligations under the Securities and shall pay or cause to be paid an amount on the basis of the fair market value of the Securities (the bid-value in case of Italian Listed Securities).

(x) 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.

(xi) Potential Conflicts of Interest

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

[ ( ) Physical Delivery Requirements and Settlement Risk

[In order to receive the Entitlement in respect of a Physical Delivery Security, the holder of such Security must (1) deliver or send by authenticated swift message (confirmed in writing) to Euroclear or Clearstream, Luxembourg

(as the case may be), with a copy to the Issuer and the Principal Security Agent [*Insert in the case of a Physical Delivery Warrant: a duly completed Exercise Notice on or prior to the relevant time on the Expiration Date*] [*Insert in the case of a Physical Delivery Certificate: a duly completed Physical Delivery Confirmation Notice on or prior to the relevant time on the Exercise Date*] and (2) pay [the relevant Premium and] Expenses, together with any other amounts payable. Failure to do so will result [*Insert in the case of a Warrant where Automatic Exercise is not specified: the relevant Warrant's becoming void*] [*Insert in the case of a Warrant where Automatic Exercise is specified or in the case of a Certificate: the Securityholder receiving the Assessed Value Payment Amount instead of the Entitlement. The Assessed Value Payment Amount will be determined by the Calculation Agent by reference to the fair market value of the assets comprised in the Entitlement.*] [Following the exercise of [Physical Delivery Warrants] [Physical Delivery Certificates], unless otherwise indicated, the Calculation Agent may determine that a Settlement Disruption Event or, if applicable, a Failure to Deliver due to Illiquidity is subsisting. Any such determination may affect the value of the Securities and/or may delay settlement and/or lead to cash settlement rather than physical settlement in respect of the Securities.]]

*( ) United Kingdom's exit from the European Union*

On 23 June 2016, the United Kingdom ("UK") held a referendum on the UK's membership of the EU. The result of the referendum's vote was to leave the EU, which creates several uncertainties within the UK, and regarding its relationship with the EU.

The result is likely to generate further increased volatility in the markets and economic uncertainty which could adversely affect the Securities. Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and no assurance can be given that such matters would not adversely affect the rights of the Securityholders, the market value of the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.]

• **Risks Related to the Market Generally**

*[In relation to each Series, insert only the applicable risk factors]*

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

Investors should note that implicit 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.

*( ) 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.

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

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. To the extent that an issue of Securities becomes illiquid, an investor may have to wait until the Exercise Date to realise value.

*( ) Listing of Securities*

In respect of Securities which are 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 delist the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain 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 an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.

*( ) Exchange rate risks and exchange controls*

There are 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*

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

*(ii) No reliance*

None of the Issuer, the Managers, if any, or any of their respective affiliates has or assumes responsibility for the

		<p>lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities.</p> <p><i>(iii) Disclaimers</i></p> <p>Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.</p>
<b>Section E – OFFER</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	<p>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.][<i>specify if there is a particular identified use of proceeds</i> [•]]</p> <p>[Not Applicable - the Securities are not being offered to the public as part of a public offer.]</p>
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p>[[<i>Summarise the terms of any public offer as set out in the Final Terms</i>]]</p> <p>[Not Applicable - the Securities are not being offered to the public as part of a public offer.]</p>
<b>E.4</b>	<b>Material interests in the offer</b>	<p>[Save as discussed above [and save for any fees payable to [the Manager] [and] [the Lead Manager][, <i>specify other</i> [•]],] [so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.] [Not Applicable - the Securities are not being offered to the public as part of a public offer.]</p>
<b>E.7</b>	<b>Estimated expenses</b>	<p>[<i>Specify if there are fees specifically charged to purchasers of the Certificates</i> [•]]</p> <p>[No expenses are being charged to an investor by the Issuer [or any Manager].]</p> <p>[Investors should take into consideration that the Offer Price embeds placement commissions [payable by the Issuer to the Manager [and to the Lead Manager]] equal to [•] per cent of the Issue Price [in respect of Securities placed up to an aggregate of [•] Securities and in excess determined so that the aggregate commission will be [no [higher][lower] than] [•] per cent of the Issue Price of the aggregate Securities placed[, taking into account [<i>specify elements, if any, to be taken into account for the purposes of determining the variable commissions</i>] [•]].][<i>specify other</i> [•]]</p> <p>[Not Applicable - the Securities are not being offered to the public as part of a public offer.]</p>



## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations in respect of Securities issued under the Programme and/or are material for the purpose of assessing the market risks associated with Securities issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. An investment in relatively complex securities such as the Securities involves a greater degree of risk than investing in less complex securities. In some cases, investors may stand to lose the value of their entire investment or part of it, as the case may be.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, the default of any important participant in the financial market or even the likelihood of such a default, even where such a participant is not a direct Banca IMI's counterparty, may give rise to significant liquidity problems or losses or defaults on the part of other banks, which in turn could have an adverse effect on the Issuer. Furthermore, a downgrading in the credit rating of third parties in which the Issuer holds securities and bonds could result in losses and/or have an adverse effect on the Issuer's capacity to enter into transactions on such securities or bonds, or to use such securities for liquidity purposes. A significant downgrading of the Issuer's counterparties could therefore have a negative impact on the Issuer's own results. Whereas, in many

cases, the Issuer may be entitled to ask for additional guarantees from counterparties in financial difficulties, disputes may arise regarding the amounts of the guarantees that the Issuer is entitled to receive and/or the value of the assets required as security and/or additional security. Defaults, credit rating downgradings and disputes with counterparties regarding the valuation of guarantees usually increase substantially in circumstances where market turmoil and illiquidity are prevailing.

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

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

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

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

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

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

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

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

To the extent volatile market conditions persist or recur, the fair value of Banca IMI's bond, derivative and credit portfolios, as well as other classes, could fall more than estimated, and therefore cause Banca IMI to record write-downs. Future valuations of the asset for which Banca IMI has already recorded or estimated write-

downs, which will reflect the then prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value, which is determined by using financial models incorporating assumptions, judgments and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require Banca IMI to recognise further write-downs or realise impairment charges. There can be no assurance that any reduction in value of the financial and other assets held by Banca IMI in its trading portfolio could not materially adversely affect Banca IMI's operating results, financial condition and prospects.

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

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

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

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

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

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

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

#### ***Banca IMI's business is exposed to liquidity risk***

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

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

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

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

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

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

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

### ***Legal risks***

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

As at 31 December 2016, provisions for risks and charges are in the amount of approximately € 15 million. Administrative expenses include the ordinary contribution pursuant to Directive UE/2014/59 equal to €34 million and the extraordinary contribution equal to €79 million. For more detailed information, see Paragraph headed "Litigation" under Section headed "Description of Banca IMI S.p.A.".

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

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

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

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

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

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

*impairment*: with regard to this second area, for instruments recognised at amortized cost and at fair value through equity (different from equity instruments), a model is introduced based on the concept of “expected loss” instead of the current “incurred loss”; the new model is intended to allow prompter recognition of impairment losses in the income statement. More specifically, IFRS 9 requires companies to record expected losses in the following 12 months (stage 1) right from the initial recognition of the financial instrument. The time frame for calculating the expected loss extends to the entire remaining life of the asset from the moment the credit quality of the financial instrument suffers a “significant” deterioration compared with the initial measurement (stage 2) or if it turns out to be “impaired” (stage 3);

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

The main expected impacts of applying the new standard include:

- the change in the accounting portfolios where nowadays financial instruments are classified according to IAS 39 and there is an expected increase in financial instruments measured at fair value;
- greater volatility in profit and loss due to the passage of financial instruments from stage 1 to stage 2 or vice versa, due to the different procedures for determining impairment and reversals of impairment compared to the current ones, and to greater convergence in the use of fair value through profit and loss;
- the greater the impact on the measurement of impairment in determining the expected “lifetime” loss on performing loans classified in stage 2, the greater the duration of each individual relationship;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



respect to the extension of guarantees to banks and the terms attaching to such guarantees, and (vi) further developments in the financial reporting environment.

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

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

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

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

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

- (i) the sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms;
- (ii) the creation and use of a bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control);
- (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and
- (iv) bail-in which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Securities to equity, which equity could also be subject to any future application of the bail-in tool.

The BRRD also provides as a last resort the right for a Member State, having assessed and utilised the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide

extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

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

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

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

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

The BRRD provides that Member States shall apply those measures from 1 January 2015, except for the bail-in tool which is to be applied from 1 January 2016 at the latest. The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Furthermore, when implemented in the Member States, the relevant provisions, including the bail-in tool, may be applied to the outstanding financial instruments, even to those already issued before 1 January 2016 and, therefore, it may have retroactive effect. In addition, the BRRD does not prevent Member States, from amending national insolvency regimes to provide other types of creditors, such as holders of deposits or other operating liabilities of the Banca IMI with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors such as the Securityholders. In Italy, the provisions of the BRRD have been implemented into national law through Legislative Decrees no. 180 and no. 181, published in the Official Gazette on 16 November 2015 (the "**Decrees**").

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

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

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

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

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

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

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

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

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

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

Banca IMI's activities are subject to tax at various rates. Banca IMI's business, including intra-group transactions, is conducted in accordance with Banca IMI's interpretation of applicable laws, tax treaties,

regulations and requirements of the tax authorities in the relevant countries. However, there can be no assurances that its interpretation of applicable laws, tax treaties, regulations, or administrative practice is correct, or that such rules are not changed, possibly with retroactive effect. Legislative changes or decisions by tax authorities may impair the present or previous tax position of Banca IMI.

***Banca IMI is exposed to risk related to transactions in financial derivatives***

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

As at 31 December 2016 the Issuer's exposure to financial derivatives was about EUR 41 billion against overall financial assets for Euro 150 billion.

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

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

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

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

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

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

In addition, an investment in Index Securities, Share Securities, Futures Contract Securities, Interest Rate Securities, Exchange Rate Securities, Fund Securities, Commodity Securities, Proprietary Index Securities or Combined Securities may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Securities*" set out below.

Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Option Risk***

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

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

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

### ***Risk arising from the Benchmark Regulation***

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

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

changes in the rules or methodologies used in certain Benchmarks, adversely affect the performance of a Benchmark or lead to the disappearance of certain Benchmarks. Potential investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Securities.

### ***Risks related to the structure of a particular issue of Securities***

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

#### *General risks and risks relating to the underlying asset or basis of reference*

The Securities involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Securities. This risk reflects the nature of a Security as an asset which, other factors held constant, tends to decline in value over time and which may become worthless on expiration. See "*Certain Factors Affecting the Value and Trading Price of Securities*" below. Prospective purchasers of Securities should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Securities and should reach an investment decision only after careful consideration with their advisers of the suitability of such Securities in light of their particular financial circumstances, the information set forth herein, the information regarding the relevant Securities and the particular share or GDR/ADR (or basket of shares or basket of GDRs/ADRs), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), futures contract (or basket of futures contracts).

The risk of the loss of some or all of the purchase price of a Security upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), futures contract (or basket of futures contracts). Assuming all other factors are held constant, the lower the value of a Security and the shorter its remaining term to expiration, the greater the risk that purchasers of such Security will lose all or part of their investment. The only means through which a holder can realise value from such Security prior to the Exercise Date in relation to such Security is to sell it at its then market price in an available secondary market. See "*Possible Illiquidity of the Securities in the Secondary Market*" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Securities. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Securities. Fluctuations in the value of the relevant interest rate or value of the basket of interest rates will affect the value of Interest Rate Securities. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Exchange Rate Securities. Fluctuations in the value of the relevant fund or the value of the basket of funds will affect the value of Fund Securities. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Securities. Fluctuations in the value of the futures contract or value of the basket of futures contracts will affect the value of the Futures Contract Securities. Fluctuations in the level of the proprietary index of the Issuer will affect the value of the Proprietary Index Securities. Purchasers of Securities risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

The Issuer may issue several issues of Securities relating to various reference indices, exchange rates, shares, funds, interest rates, commodities, or future contracts, as may be specified in the applicable Final Terms. At any given time, the number of Securities outstanding may be substantial. Securities provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In

general, certain of the risks associated with the Securities are similar to those generally applicable to other options of private corporate issuers. Options or Securities on equities or debt securities are priced primarily on the basis of the value of underlying securities. The trading value of Commodity Securities is likely to reflect primarily present and expected values of the commodity (or basket of commodities).

The Securities do not represent a claim against any Underlying (or any issuer, sponsor, manager or other connected person in respect of an Underlying) and Securityholders will not have any right of recourse under the Securities to any such Underlying (or any issuer, sponsor, manager or other connected person in respect of an Underlying). The Securities are in no way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of an Underlying and such entities have no obligation to take into account the consequences of their actions on any Securityholders.

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

The Cash Settlement Amount (in the case of Cash Settled Securities) or the value of the Entitlement less (in the case of Warrants) the Premium (the Physical Settlement Value) (in the case of Physical Delivery Securities) at any time prior to expiration is typically expected to be less than the trading price of such Securities at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), future contract (or basket of future contracts). Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Securities varies with the price of the share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), future contract (or basket of future contracts), as well as by a number of other interrelated factors, including those specified herein.

Before exercising (in the case of Warrants) or selling Securities, Securityholders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value and volatility of the share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), future contract (or basket of future contracts), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Securities, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), future contract (or basket of future contracts) and (viii) any related transaction costs.

#### *Certain Considerations Regarding Hedging*

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in a share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), future contract (or basket of future contracts), should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the value of the underlying asset 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 movements of the underlying asset which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index or basket.

In the case of Securities relating to a share (or basket of shares), the Issuer and/or any of its respective Affiliates or agents may from time to time hedge the Issuer's obligations under such Securities (and under other instruments and OTC contracts issued by or entered into from time to time by the Issuer and/or any of its respective Affiliates or agents relating to such securities) by taking positions, directly or indirectly, in such share (or basket of shares). Although the Issuer has no reason to believe that such hedging activities will have a material impact on the price of any share, there can be no assurance that such hedging activities will not adversely affect the value of the Securities.

#### *Certain Considerations Associated with Share Securities*

An investment in Share Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Share Securities, Holders will receive an amount (if any) determined by reference to the value of the share(s), GDRs and/or ADRs and/or the physical delivery of a given number of share(s), GDRs and/or ADR/s. Accordingly, an investment in Share Securities may bear similar market risks to a direct equity investment and investors should take advice accordingly. Share Securities pay amounts calculated by reference to the value of the underlying share(s), GDRs and/or ADRs.

In the case of Share Securities, no issuer of the underlying shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share, GDRs and/or ADRs will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share, GDRs and/or ADRs and therefore the trading price of the Securities.

Except as provided in the Conditions in relation to Physical Delivery Securities, Securityholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Securities relate.

#### *Certain Considerations Associated with Exchange Rate Securities*

An Investment in Exchange Rate Securities will entail significant risks not associated with an investment in a conventional debt security. Fluctuations in exchange rates will affect the value of Exchange Rate Securities. Currency values related to the exchange rates may be affected by complex political and economic factors, including governmental action to fix or support the value of an exchange rate, regardless of other market forces (see "*Exchange rate risks and exchange controls*" below). Purchasers of Securities risk losing their entire investment if the relevant exchange rates do not move in the anticipated direction.

#### *Certain Considerations Associated with Fund Securities*

An investment in Fund Securities will entail significant risks not associated with an investment in a conventional debt security. An investment in Fund Securities may bear similar market risks to a direct investment in the relevant fund(s) and investors should take advice accordingly.

#### *Certain Considerations Associated with Futures Contract Securities*

An investment in Futures Contract Securities will entail significant risks not associated with an investment in a conventional debt security. The yield on Securities which are linked to futures contracts may not be perfectly correlated to the trend in the price of the underlying asset of the future contract, as the use of futures contracts generally involves a rolling mechanism. This means that any futures contracts which expire prior to the relevant



payment date under the applicable underlying securities are replaced with futures contracts that have a later expiry date. Investors may, therefore, only marginally benefit from any rise or fall in the price of the underlying asset of the future contract.

In addition, the trend of futures contracts may differ significantly from that of the underlying asset's spot markets. In relation to commodity futures contracts, the trend in the price of a futures contracts compared to the underlying commodity is closely linked to the present and future level of production of the underlying commodity, or to the level of estimated natural reserves, particularly in the case of energy linked products. In addition, the price of the relevant commodity futures contract may not be considered an accurate prediction of a market price, since it also includes so-called "carrying costs" (for example, warehouse or insurance costs). These factors substantially explain the imperfect correlation between commodity spot markets and commodity futures contracts.

If the feature Futures Contract First Near-by is specified as applicable in the relevant Final Terms, the Issuer will be entitled to determine the Initial Reference Value on the basis of a Futures Contract First Near-by, i.e. the futures contract that has the same features of the Futures Contract indicated as Underlying, and has an expiration date which is the closest to the Determination Date. Since the Issuer will not make any adjustment to the price of the Securities following such rollover, investors should consider that the price of the futures contract used before the rollover may be different from the price of the futures contract used after the rollover.

#### *Certain Considerations Associated with Commodity Securities*

An investment in Commodity Securities may bear similar market risks to a direct commodity investment and potential investors should take advice accordingly. The movements in the price of the Commodity and/or Basket of Commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices.

The price of Commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which the relevant Commodities may be traded.

#### *Certain Considerations Associated with Index Securities*

An investment in Index Securities will entail significant risks not associated with an investment in a conventional debt security. The underlying index may be a well-known and widely published index or an index which may not be widely published or available. The index may reference, among others, equities, bonds, currency exchange rates or other securities or it may be a property index referencing certain property price data which will be subject to market price fluctuations or it may reference a number of different assets or indices. A property index may include valuations only and not actual transactions and the property data sources used to compile the index may be subject to change, which may adversely affect the return on the Securities. In addition, the property index may be sponsored and/or calculated by the Issuer or one of its affiliates.

#### *Certain Considerations Associated with Interest Rate Securities*

An investment in Interest Rate Securities will entail significant risks not associated with an investment in a conventional debt security. On exercise of Interest Rate Securities, Securityholders will receive an amount (if any) determined by reference to the value of the underlying interest rate(s). Accordingly, an investment in Interest Rate Securities may bear similar market risks to a direct investment in the underlying interest rate and investors should take advice accordingly.

### *Certain Considerations Associated with Proprietary Index Securities*

Where the Underlying is a Proprietary Index, investors should also consider the following risks.

*a) Factors affecting the Proprietary Index*

Factors affecting the performance of the Proprietary Index may adversely affect the value of the Securities. The Proprietary Index is comprised of a basket of Components and as such, the performance of the Proprietary Index is dependent upon the performance of each Component, which may depend on interest rates, currency developments, political factors, market factors such as the general trends in capital markets. If the Proprietary Index does not perform as expected, this will materially and adversely affect the market value of the Securities and the Cash Settlement Amount payable by the Issuer.

The frequency and magnitude of changes in the market prices of the Index Reference Fund (known as volatility) may affect the market value of the Securities. Volatility is affected by a number of factors such as macro economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. The volatility of the Risky Component (and accordingly, the Proprietary Index) will move up and down over time (and sometimes more sharply than other securities and indices).

*b) Returns on the Securities do not reflect a direct investment in the Index Reference Fund*

The return payable on the Securities may not reflect the return a potential investor would realize if it actually owned the Risky Component. Accordingly, Securityholders may receive a lower Cash Settlement Amount than such Securityholders would have received if they had invested in the Index Reference Fund directly. The units of the Index Reference Fund included in the Risky Component distribute no dividend.

*c) A change in the weightings and/or composition of the Proprietary Index could adversely affect the market value of the Securities*

The Calculation Agent may rebalance the weighting of the Components which comprise the Proprietary Index or proceed with the substitution of the Index Reference Fund with another Index Fund listed in the applicable Final Terms.

Such circumstances may adversely affect the market value of the Securities and the Cash Settlement Amount payable by the Issuer.

*d) The Underlying is a Proprietary Index*

The relevant Proprietary Index is owned and maintained by Banca IMI S.p.A. as Index Sponsor. Banca IMI S.p.A. as the Calculation Agent is also responsible for the composition and calculation of the Proprietary Index. Banca IMI S.p.A. as Index Sponsor and Calculation Agent, is under no obligation to take into account the interests of the Securityholders. Banca IMI S.p.A. as Index Sponsor and Calculation Agent will have the authority to make determinations with respect to the Proprietary Index that could materially and adversely affect the market value of the Securities and the Cash Settlement Amount payable by the Issuer on the Settlement Date.

*e) Provision of information*

Each investor should be aware that Banca IMI S.p.A. as Issuer, Calculation Agent, Index Sponsor and Calculation Agent in relation to the Proprietary Index has no obligation to provide the investor with any information which is in the public domain or any information additional to that which will be published on the Index Fund relevant sources.

#### *Certain Considerations Associated with Combined Securities*

An investment in Combined Securities will entail significant risks depending on the specific underlying assets. The risk associated with the aforementioned types should be considered in accordance with the specific financial assets of each issue and investors should take advice accordingly.

#### *Certain Considerations Associated with Securities providing for the application of a Multiplier*

The Securities may provide for the application to the relevant Reference Items of a Multiplier in order to increase or decrease the percentage of each Reference Item used to determine the amounts payable or deliverable to investors. The Multiplier may be lower than 100 per cent.

In such case, the amounts payable or deliverable to investors will be reduced and, therefore, will contribute to the yield of the Securities only to such reduced extent. The performance of the relevant reference item(s) will, therefore, impact the yield of the Securities only to a limited extent.

#### *Certain Considerations Associated with Securities providing for the application of a cap to the Reference Item(s)*

The Securities may provide for the application of a maximum return payable to investors or of a maximum value or level to the relevant reference item(s).

In such case, the amounts payable to investors will be subject to the predetermined maximum. If the relevant reference item(s) outperforms the predetermined maximum, this will not be taken into consideration when calculating the amount payable or deliverable in respect of the Securities.

#### *Loss risk in relation to the investment*

The investor shall consider that, in relation to their investment, there is a risk of loss of the capital invested depending on the performance of the underlying asset. In particular, if the relevant Final Terms provides a Barrier Level, the investor shall consider that, in the event of a negative performance of the underlying asset at the Valuation Date or a negative Spread (in the case of Spread Certificates) or a negative Cumulated Performance (in the case of Multiperformance Certificates), in the event a Barrier Event or a Barrier Gap Event (in the case of Gap Certificates) has occurred, a loss will occur in respect of the capital invested. If the Final Reference Value of the underlying asset is equal to zero, the investor might suffer a total loss of the capital. Moreover, if prior to the exercise the investor decides to terminate the investment in the Certificates, the investor might be subject to the loss of the value of the certificate and, therefore, might be subject to the total or partial loss of the investment.

#### *The Cash Settlement Amount or the physical delivery of the Entitlement may be less than the Value of an Investment in the Securities*

Each Securityholder may receive a Cash Settlement Amount, as applicable, and/or physical delivery of the Entitlement the aggregate value of which may be less than the value of the Securityholder's investment in the relevant Securities. In certain circumstances Securityholders may lose the entire value of their investment.

#### *Risk related to a protection level lower than 100% or a protection amount lower than the Issue Price*

The Certificates may provide a protection level or a protection amount. The protection level represents the protection percentage of the Initial Reference Value of the Certificate and that the Cash Settlement Amount will not fall below such protection level. The protection amount represents the minimum amount of Cash Settlement Amount that the investor will receive. The lower the protection level or the protection amount, the higher the loss (if any) that the investor might suffer given that the Issue Price of the Certificate will not be entirely protected and the Cash Settlement Amount at the Exercise Date might be lower than the Issue Price.

### *Exchange risk related to the absence of a Quanto Option*

The investment in Securities which do not provide a Quanto Option may entail risks related to the exchange rate. The Underlying Reference Currency of the underlying asset may be different from the Settlement Currency of the Securities. If the Underlying Reference Currency is different from the Settlement Currency, the Cash Settlement Amount will be exchanged in the Settlement Currency at the applicable Exchange Rate. Therefore, without a Quanto Option, any negative variation of the Exchange Rate might frustrate either the performance of the underlying asset at maturity and the returns linked to a remuneration amount and might determine a loss of the capital invested.

In the case of Protected Certificates without a Quanto Option, any negative variation of the exchange rate might also reduce the effect of total or partial protection on the capital invested (depending on the structure of the product) represented by such protection. In fact, the Cash Settlement Amount at the maturity (and, therefore, the protection level that is part of the calculation of such amount of Settlement, subject to certain conditions) shall be exchanged into the Settlement Currency at the applicable Exchange Rate with the consequence of suffering the decrease in value of the Underlying Reference Currency of the underlying asset in respect of the Settlement Currency.

In the case of a Quanto Option, however, the Underlying Reference Currency is in any case conventionally denominated in the Settlement Currency and the Exchange Rate is not applicable and therefore the effects of the Exchange Rates on the amount paid in relation to the Securities are neutralised. However, it cannot be excluded that the variations on the Exchange Rates might have negative effects on the performance of the underlying asset and therefore, indirectly, also on the Securities with the Quanto Option.

### *Risk relating to Dual Currency Securities*

An investment in Dual Currency Securities will entail significant risks not associated with an investment in a conventional debt security. In particular, the Cash Settlement Amount and the Remuneration Amount(s) are payable in a currency specified in the applicable Final Terms (the Settlement Currency) which is different from the currency in which the Certificates are denominated (the Issue Currency).

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in the Cash Settlement Amount and/or Remuneration Amount(s) and the timing of changes in the exchange rates may affect the actual return to investors.

Therefore, fluctuations in exchange rates of the relevant currencies (i.e. the Issue Currency and the Settlement Currency) will affect the value of Dual Currency Securities, and may determine a loss of the capital invested.

### *Risk relating to Dual Currency FX Certificates*

An investment in Dual Currency FX Certificates will entail significant risks not associated with an investment in a conventional debt security. In particular, upon occurrence of a Barrier Event, the Cash Settlement Amount may be payable in a currency specified in the applicable Final Terms (the Dual Currency) which is different from the currency in which the Certificates are denominated (the Issue Currency).

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in the Cash Settlement Amount and the timing of changes in the exchange rates may affect the actual return to investors.

Therefore, fluctuations in exchange rates of the relevant currencies (i.e. the Issue Currency and the Dual Currency) will affect the value of Dual Currency FX Certificates, and may determine a loss of the capital invested.

### *Price Risk and components that determine the value of the Certificates*

The Certificates are composed of a combination of several options and the Securityholder shall take into account that the value of the Certificates will depend on the value of each option composing the certificate. The fluctuation over time of the value of each optional components (and therefore of the Certificates) mostly depends on the current value of the underlying asset to which the Certificates relate, the volatility of the underlying asset, the residual life of the options composing the Certificates, the levels of the interest rates of the monetary markets, the expected dividends (in the case of Share Securities), the correlation (in the event that the underlying asset is a Basket) as well as the business of the Issuer of the underlying asset, speculative contractions and other factors.

An increase in the value of the underlying asset might determine an increase in the price of the Certificates. Moreover, such determinations are uncertain as the effect on the price of the Certificates is given by the implicit optional structure that takes into account the possibility that an event linked to the payment of a Remuneration Amount as well as a Barrier Event (or a Barrier Gap Event) may occur during the life of the certificate. Prior to the maturity of the certificate, the value of the options might decrease and therefore it will affect the value of the certificate or some of them might expire.

The value of the underlying asset may vary during the course of time and may increase or decrease as the consequence of several factors including corporate transactions, distribution of dividends, microeconomic factors and speculative negotiations. Changes in the value of the underlying asset may affect the trading price of the Certificates but it not possible to foresee if the value of the Underlying will suffer from decreasing or increasing variations. Furthermore, the price of the Certificates might be influenced (in case of listing after offering) by the underwriting and/or placement fees that will be paid to the Managers and/or the Lead Manager. The price of the Certificates might be negatively influenced by the worsening of the asset stability of the Issuer.

#### *Risk related to the Participation Factor, the Up Participation Factor and Down Participation Factor*

If the Cash Settlement Amount will be calculated on the basis of the Participation Factor, which is a value predetermined by the Issuer in the relevant Final Terms that may be lower than, equal to or higher than 100%, such Participation Factor determines the potential return of the Certificates. If it is lower than 100%, the investor will partially benefit from the positive performance (or from the negative performance in case of Short Strategy) of the Underlying.

If the Cash Settlement Amount will be calculated in relation to the Up Participation Factor and Down Participation Factor, the return deriving from the positive performance of the Underlying (respectively, positive performance in case of Long Strategy and negative performance in case of Short Strategy) will depend on the Up Participation Factor, which may be lower than 100%. If it is lower than 100%, the investor will partially benefit from the positive performance of the Underlying. Conversely, the return deriving from the negative performance of the Underlying (respectively, negative performance in case of Long Outperformance Certificates and positive performance in case of Short Outperformance Certificates) will depend on the Down Participation Factor, which may be higher than 100%. If it is higher than 100%, the negative impact of the decreasing performance of the Underlying will be amplified.

#### *Risk related to the determination method of the Digital Level*

In relation to the Certificates to be issued, the Issuer may set, at its own discretion, one or more Digital Level(s) higher or lower than the Initial Reference Value of the relevant underlying asset. In particular, the higher the Digital Level in respect of the Initial Reference Value, the greater the possibility that a Digital Event will not occur and therefore that the relevant Digital Amount will not be paid.

In relation to the Cliquet Feature, the Digital Level will be updated by the Calculation Agent (i) in the relevant Digital Valuation Period or (ii) only in the event that a Digital Event has occurred in the relevant Digital Valuation Period. Therefore, if the Cliquet Feature is applicable in the relevant Final Terms, the Digital Level might be different in each Digital Valuation Period. In relation to the Range Level Option, the possibility that a Digital Event will not occur and therefore that the relevant Digital Amount will not be paid will depend on how

the Up Range Digital Level and the Down Range Digital Level will be set by the Issuer in the relevant Final Terms and on whether the value of the Underlying will be closer (in case it is represented by a value falling within the range) or more distant (in case it is represented by a value falling out of the range) in respect of the Initial Reference Value. In relation to Spread Certificates, for the purpose of determining the Digital Level that will be indicated as an independent percentage on the relevant Final Terms, reference will be made to the differential of the financial assets (two shares, two indices, etc.). Therefore, the payment of the Digital Amount will depend on the performance of the two financial assets. In relation to Multiperformance Certificates, for the purpose of determining the Digital Level that will be indicated as an independent percentage on the relevant Final Terms, reference will be made to the Cumulated Performance of two or more financial assets (two shares, two indices, etc.).

*Risk related to the Knock-out Feature*

In relation to any Remuneration Amount, a Knock-out Feature may be applicable if specified in the relevant Final Terms. In this case, if the Knock-out Event occurs, the Remuneration Amount provided in relation to either such Knock-out Valuation Period and/or the valuation period(s) following such Knock-out Valuation Period will be deactivated and will not be paid.

*Risk related to the Knock-in Feature*

In relation to any Remuneration Amount, a Knock-in Feature may be applicable if specified in the relevant Final Terms. In this case, if the Knock-in Event does not occur, the Remuneration Amount provided will not be activated and therefore will not be paid. The Issuer may set, at its own discretion, the Knock-in Level. In particular, the higher the Knock-in Level in respect of the Initial Reference Value, the greater the possibility that a Knock-in Event will not occur.

*Risk related to the occurrence of an Early Redemption Event*

If an Early Redemption Event has occurred, the Certificates will be redeemed earlier than the Exercise Date (and therefore terminated) and the Early Redemption Amount will be paid to the investor on the Early Payment Day. In such case, the Early Redemption Amount to be paid to the Securityholder will not depend on the value of the Underlying, but it will be a predetermined amount.

Furthermore, if the value of the Underlying is calculated as Intraday Value, the Underlying will be observed on a continuous basis and the probability that an Early Redemption Event occurs may be magnified.

*Risk related to the Barrier Event and the Barrier Gap Event*

The Barrier Event or the Barrier Gap Event (in the case of Gap Certificates) indicates the achievement by one or more underlying assets of a value equal to, higher than or lower than the Barrier Level or the Barrier Gap Level, respectively, on the Barrier Event Determination Period (or/and on a Valuation Date) or on a Barrier Gap Observation Date, as specified in the relevant Final Terms. If a Barrier Event or a Barrier Gap Event occurs, the Cash Settlement Amount will be determined in accordance with a calculation method other than the calculation method applicable if the Barrier Event or the Barrier Gap Event does not occur and such circumstance may have a negative influence on the price. For example, if the relevant Final Terms do not provide a Protection Level or an Air Bag Factor or other similar features, upon occurrence of the Barrier Event, the Cash Settlement Amount will be linked only to the performance of the underlying asset. This may entail the risk of partial or total loss of the investment.

The Securityholder shall consider that the occurrence of a Barrier Event or the Barrier Gap Event will also depend on the volatility of the underlying asset i.e. the more frequent and intense the fluctuations in the value of the underlying asset during the life of the Certificates are, the higher the volatility will be and the greater the chance that the value of the underlying asset will reach the Barrier Level or the Barrier Gap Level and therefore a Barrier Event or a Barrier Gap Event will occur. In relation to the Certificates to be issued, the Issuer might

set, at its own discretion, a Barrier Level or a Barrier Gap Level.

Furthermore, if the value of the Underlying is calculated as Intraday Value, the underlying asset(s) will be observed on a continuous basis and the probability that a Barrier Event or a Barrier Gap Event occurs may be magnified.

Finally, if the applicable Final Terms provide for the payment of one or more Premium Gap Amount payable to the investor during the life of the Gap Certificates, the investor should consider that after the occurrence of the Barrier Gap Event the Premium Gap Amount will be determined on the basis of the actual number of days within the relevant Premium Gap Observation Period and not on the basis of all the days of the relevant Premium Determination Period and after the payment of the Premium Gap Amount that will be paid on the first Premium Payment Date following the Barrier Gap Event Date on which a Barrier Gap Event has occurred, no further Premium Gap Amount will be paid to the investors.

#### *Risk related to the Predetermined Loss Percentage*

In relation to the Certificates, the Predetermined Loss Percentage option may be also included together with the Barrier Level. If a Barrier Event has occurred, the Cash Settlement Amount will depend on the Predetermined Loss Percentage. Consequently, the lower the Predetermined Loss Percentage the smaller the Cash Settlement Amount that the investor will receive on the Settlement Date.

#### *Risk related to the Best Of Feature and Worst Of Feature*

In relation to the Best Of Feature, for the purposes of the calculation of the Cash Settlement Amount, the Issuer will indicate in the relevant Final Terms for each Series whether the underlying financial asset with the first best performance, second best performance or third best performance and so on, will be considered.

Similarly, in relation to the Worst Of Feature, the Issuer will indicate in the relevant Final Terms for each Series if, for the calculation of Settlement Amount, the underlying financial asset with the first worst performance, or the asset with the second worst performance or the financial asset with the third worst performance and so on, will be considered.

Therefore, the return on the Certificates might not be linked to the financial asset with the first best performance overall (in the case of Best Of Feature) or with the first worst performance overall (in the case of Worst Of Feature) among the financial assets included in the relevant Series, otherwise, it will depend on the performance indicated by the Issuer in the relevant Final Terms.

In the case of Best Of Feature, the lower will be allocated the performance indicated selected by the Issuer among the financial activities (First Best Of, Second Best Of, etc.) within the underlying asset for of the relevant Series, the smaller less the revenue that the investor will receive. Differently, in the case of Worst Of Feature, the higher will be allocated the performance indicated selected by the Issuer among the financial assets activities (First Worst Of, Second Worst Of, etc.) within the underlying asset for of the relevant Series, the smaller less the revenue that the investor will receive.

#### *Risk related to the Baskets of Underlyings – Risk related to the Rainbow Feature - Correlation risk*

The investor shall take into account that in the case of a Basket of underlying assets, the value and the return of the Certificates depends on the value of each Basket Constituents, the weighting allocated to each Basket Constituents and the correlation between the Basket Constituent. The investor shall consider that in the case of a Basket, a different weighting allocated to the Basket Constituents entails a higher or lower value of the Basket. In the case of a Rainbow Feature, unlike the financial instruments that normally are linked to one or more Basket(s), the Issuer will indicate in the relevant Final Terms (i) the financial assets that represent the Basket Constituents, (ii) the percentage of the weights within the Basket without a preliminary indication of the relevant allocation to a specific financial asset and (iii) the predetermined criteria pursuant to which the allocation among the weights will be made by the Calculation Agent (providing, for instance, in a Basket composed of three

financial assets, the Basket would be weighted as follows: 50% for the Basket Constituent with the best performance; 30% for the Basket Constituent with the worst performance; and 20% for a Basket Constituent with the second best performance). For each determination period (during the life of the Certificates and at the exercise date) the Calculation Agent will allocate the weights to the relevant Basket Constituents on the basis of the performance recorded in that relevant determination period and in accordance with the objective criteria provided in the relevant Final Terms. The allocation of the weights might result differently on each determination date pursuant to the performance of each Basket Constituents. Once the Calculation Agent has determined the weighting of the Basket on the relevant determination date, the Calculation Agent will determine the total value of the Basket in accordance with the methods applied for the financial instruments normally linked to the Baskets. Therefore the Rainbow Feature entails that the Basket will have a variable weighting for all the life of the Certificates depending on the performance of the Basket Constituents and, consequently, it will affect the total value of the Basket. The investor shall consider that in the case of Rainbow Feature, upon variation of even only one Basket Constituent, the Reference Value of Basket recorded on a determination date might be completely different from a Reference Value recorded on a prior date.

Furthermore, the higher the correlation between the Basket Constituents the higher the volatility of the value of the Basket and therefore the price of the Certificates. In particular, it will broaden on account of the bullish and bearish effects of the Basket Constituents on the value of such Basket.

#### *Risk related to management fees applied by the Issuer in case of Benchmark Certificates*

The Issuer may apply to the Benchmark Certificates an Annual Management Fee ("AMF") which will be determined on the basis of the AMF Percentage indicated in the applicable Final Terms. Such fee will accrue proportionally to the tenor of the Certificates and will not be affected in any way by the performance of the Underlying. The AMF will be deducted from the Cash Settlement Amount, and in case of listing of the Certificates on an exchange the price of the Certificates will include such AMF, as accrued progressively.

In conjunction with the AMF, the Issuer may also apply a Variable Management Fee ("VMF"), whose VMF Percentage (specified as a range in the relevant Final Terms) may vary during the life of the Certificates. Any variation of the VMF Percentage will be published by the Issuer on its website and by appropriate communication to the relevant exchange where the Certificates are listed.

Prospective investors in Benchmark Certificates should consider that, if the AMF (and, eventually also the VMF) are applicable pursuant to the relevant Final Terms, the daily value of the Underlying will be affected by such fees and, consequently, at maturity, the positive (or negative) performance of the Underlying during the life of the Certificates shall be considered net of the AMF (and of the VMF, as the case may be).

#### *Risk related to the Restrike Feature*

In relation to the Restrike Feature, if a Restrike Event has occurred, the Initial Reference Value will be recalculated and set at the Restrike Percentage. Therefore, the amounts that the investor may receive, in case of Restrike Feature and upon occurrence of the Restrike Event, depend on the Restrike Percentage defined in the relevant Final Terms.

#### *Risk related to the Call Option*

Prospective investors should consider that if the Certificates will be exercised upon the Exercise of the Call Option by the Issuer. Therefore, the exercise of the Call Option by the Issuer might frustrate long term investment strategies pursued by the investors.

#### *Risk related to the Accumulated Amount's payment contingent upon occurrence of an Early Redemption Event*

If an Early Redemption Level is applicable under the relevant Final Terms, and if so specified in such Final Terms, the Accumulated Amount will be paid only upon occurrence of an Early Redemption Event. As a result, even if one or more Accumulating Events have occurred, the Securityholders will not receive any Accumulated Amount unless an Early Redemption Event has occurred.



### *Impact of running structuring fees on the value of the Certificates*

Investors should also note that running structuring fees may be applied by the Issuer in respect of the value of the Certificates.

Such running structuring fees will not be affected in any way by the performance of the relevant Underlying.

The Issuer will specify in the relevant Final Terms the running structuring fee (and, in the case, how such structuring fee will be charged). Prospective investors should consider that, if the running structuring fees are applicable, the value of the Certificates will be affected by such fees also on the secondary markets.

### **Additional factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme.**

#### *Time Lag after Exercise*

In the case of any exercise of Warrants, there will be a time lag between the time a Warrant holder gives instructions to exercise, or the time the Warrant is automatically exercised, and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the Terms and Conditions of the Securities. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation (in the case of American Style Warrants), the occurrence of a market disruption event or failure to open of an exchange or related exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

#### *Minimum Exercise Amount*

If so indicated in the applicable Final Terms, a Warrantholder must tender or hold a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

#### *Limitations on Exercise*

In the case of American Style Warrants, if so indicated in the applicable Final Terms, the Issuer will have the option to limit the number of American Style Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the applicable Final Terms and, in conjunction with such limitation, to limit the number of American Style Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of American Style Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of American Style Warrants exercisable on such date, a Warrant holder may not be able to exercise on such date all American Style Warrants that such holder desires to exercise. In any such case, the number of American Style Warrants to be exercised on such date will be reduced until the total number of American Style Warrants exercised on such date no longer exceeds such maximum, such American Style Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, the American Style Warrants tendered for exercise but not

exercised on such date will be automatically exercised on the next date on which American Style Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

#### *Risk related to the Strike Percentage*

The Cash Settlement Amount will be calculated on the basis of the Strike Percentage, which is a value predetermined by the Issuer in the relevant Final Terms that may be lower than, equal to or higher than 100%. Such Strike Percentage contributes to the determination of the potential return of the Warrants.

In particular, in relation to Call Warrants, if it is higher than 100%, the positive performance of the Underlying will be considered partially in order to calculate the Cash Settlement Amount. Furthermore, in case of negative performance of the Underlying, if the Strike Percentage is equal to or higher than 100% the Cash Settlement Amount will be equal to zero.

In relation to Put Warrants, if it is lower than 100%, the negative performance of the Underlying will be considered partially in order to calculate the Cash Settlement Amount. Furthermore, in case of positive performance of the Underlying, if the Strike Percentage is lower than 100% the Cash Settlement Amount will be equal to zero.

#### ***Risks Related to Securities generally***

##### *Option to Vary Settlement*

The Issuer may have an option to vary settlement in respect of the Securities, at its sole and unfettered discretion and may elect (1) not to pay the relevant Securityholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (2) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Securityholders.

##### *Modification*

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

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

##### *Settlement Disruption Event*

In the case of Physical Delivery Securities, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Settlement Disruption Amount (as defined in the Conditions) in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Securities.

##### *Expenses and Taxation*

A holder of Securities must pay all Expenses relating to such Securities. As used in the Conditions, **Expenses** means all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties

arising from the exercise and settlement of such Securities pursuant to the terms of such Securities as more fully set out in Condition 10.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### *U.S. Foreign Account Tax Compliance Withholding*

The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made after 31 December 2018. This withholding would potentially apply to payments 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 after the "grandfathering date," which (A) with respect to Securities that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the Code as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

While the Securities are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depository for the clearing systems (as bearer or registered holder of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the 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 for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Securities.

FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities are uncertain at this time. The application of FATCA to "foreign passthrough payments" on the Securities or to

Securities issued or materially modified after the grandfathering date may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "IGA"). The FATCA agreement between Italy and the United States entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015 (Law No. 95 dated 18 June 2015, published in the Official Gazette – general series No. 155, on 7 July 2015). Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service. Please consider that if the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

#### *U.S. Dividend Equivalent Payments*

Section 871(m) of the Code and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such equities and indices, "U.S. Underlying Equities"), unless reduced by an applicable tax treaty with the United States. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined generally upon the earlier of pricing or issuance, based on tests set forth in the applicable Treasury regulations (a "Specified Security"). Specifically, and subject to the calendar year 2017 exemption described below, Section 871(m) will apply if a financial instrument either meets (i) a "delta" test, if it is a "simple" contract, or (ii) a "substantial equivalence" test, if it is a "complex" contract. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations, as well as instruments that track such indices. Withholding tax under Section 871(m) is generally applicable with respect to financial instruments issued on or after January 1, 2017, but notional principal contracts and equity-linked instruments issued in calendar year 2017 will be exempt unless they have a "delta" of one (meaning that the fair market value of the notional principal contract or equity-linked instrument must replicate changes to the value of the U.S. Underlying Equities exactly) and are "simple." If the terms of a Security issued in calendar year 2017 (that is exempt from withholding under Section 871(m)) are "significantly modified" sometime after 2017 such that the Security is treated as retired and reissued for U.S. federal income tax purposes, it will lose this exemption.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If U.S. Underlying Equities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld

#### *Other taxation considerations*

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

#### *Illegality and Cancellation*

If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge

the Issuer's obligations under any Securities have, become (i) illegal in whole or in part for any reason, or (ii) by reason of a force majeure event (such as an act of God, fire, flood, severe weather conditions, or a labour dispute or shortage) or an act of state, impossible or impracticable, the Issuer may cancel such Securities. The Issuer may also cancel the Securities upon the occurrence of certain adjustment events as set out in Condition 15 (*Terms of the Securities*). If the Issuer cancels the Securities, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder, equal to the fair market value the Securities (the bid-value in case of Italian Listed Securities), notwithstanding such illegality, force majeure event or act of state, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion (such cost shall not be applicable in case of Italian Listed Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9 (*Notices*).

#### *Hedging Disruption*

In respect of the Securities linked to one or more Underlying(s), the Issuer or one of its affiliates may be unable, after using commercially reasonable efforts, to either (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk) of entering into and performing its obligations with respect to the Securities; or (b) freely realize, recover, receive, repatriate, remit or transfer the proceeds of hedge positions as the case may be between accounts within the jurisdiction of the hedge position (the "**Affected Jurisdiction**") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction.

In connection with such hedging activities, the Issuer and/or its affiliates may enter into transactions which may affect the liquidity or value of the Securities and which could be deemed to be adverse to the interests of the relevant Securityholders.

If an Hedging Disruption occurs, the Calculation Agent may consider such event as an Early Redemption Event and the Issuer shall terminate its obligations under the Securities and shall pay or cause to be paid an amount on the basis of the fair market value of the Securities (the bid-value in case of Italian Listed Securities).

#### *Change of law*

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

#### *Potential Conflicts of Interest*

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

Under the Conditions of the Securities, the Calculation Agent may make certain determinations in respect of the Securities which could affect the amount payable by the Issuer on the Securities. In exercising its right to make such determinations the Calculation Agent is entitled to act in its sole and absolute discretion. Where the Issuer

acts as Calculation Agent, potential conflicts of interest may exist between the Calculation Agent and the Securityholders, including with respect to those determinations that the Calculation Agent may make pursuant to the Securities that may influence the Cash Amount payable on the Settlement Date.

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

#### *Physical Delivery Requirements and Settlement Risk*

If so specified in the relevant Final Terms, in order to receive the Entitlement in respect of a Physical Delivery Security, the holder of such Security must (1) deliver or send by authenticated swift message (confirmed in writing) to Euroclear or Clearstream, Luxembourg (as the case may be), with a copy to the Issuer and the Principal Security Agent (a) a duly completed Exercise Notice on or prior to the relevant time on the Expiration Date (in the case of a Physical Delivery Warrant) or (b) a duly completed Physical Delivery Confirmation Notice on or prior to the relevant time on the Exercise Date (in the case of a Physical Delivery Certificate) and (2) pay the relevant Premium (in the case of a Warrant) and Expenses (in the case of a Warrant or a Certificate), together with any other amounts payable. Failure to do so will result (i) in the case of a Warrant where Automatic Exercise is not specified in the applicable Final Terms, the relevant Warrant's becoming void or (ii) in the case of a Warrant where Automatic Exercise is specified in the applicable Final Terms, or (iii) in the case of a Certificate, the Securityholder receiving the Assessed Value Payment Amount instead of the Entitlement. The Assessed Value Payment Amount will be determined by the Calculation Agent by reference to the fair market value of the assets comprised in the Entitlement. See Condition 18 for Warrants and Condition 22 for Certificates.

Following the exercise of Physical Delivery Warrants or in connection with the exercise of Physical Delivery Certificates, unless otherwise indicated in the Final Terms, the Calculation Agent may determine that a Settlement Disruption Event or, if applicable, a Failure to Deliver due to Illiquidity is subsisting. Any such determination may affect the value of the Securities and/or may delay settlement and/or lead to cash settlement rather than physical settlement in respect of the Securities.

If so indicated in the applicable Final Terms, the Issuer has an option to vary settlement in respect of the Securities. If exercised by the Issuer, this option will lead to Physical Delivery Securities being cash settled or Cash Settled Securities being physically settled. Exercise of such option may affect the value of the Securities.

#### *The proposed European financial transactions tax*

On 14 February 2013, the European Commission published a proposal (the **Commission Proposal**) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

### *United Kingdom's exit from the European Union*

On 23 June 2016, the United Kingdom ("UK") held a referendum on the UK's membership of the EU. The result of the referendum's vote was to leave the EU, which creates several uncertainties within the UK, and regarding its relationship with the EU.

The result is likely to generate further increased volatility in the markets and economic uncertainty which could adversely affect the Securities. Until the terms and timing of the UK's exit from the EU are confirmed, it is not possible to determine the full impact that the referendum, the UK's departure from the EU and/or any related matters may have on general economic conditions in the UK. The negotiation of the UK's exit terms is likely to take several years.

Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and no assurance can be given that such matters would not adversely affect the rights of the Securityholders, the market value of the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.

### ***Risks Related to the Market generally***

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

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

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

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

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

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

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

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

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

It is not possible to predict the price at which Securities will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Securities on a stock exchange or market. If the Securities are not listed or admitted to trading on any exchange or market, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be

adversely affected. If the Issuer does list or admit to trading an issue of Securities, there can be no assurance that at a later date, the Securities will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Securities on another exchange or market. Also, (in the case of Warrants) to the extent Warrants of a particular issue are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

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 exercise such Securities (in the case of American Style Warrants) or wait until the Exercise Date (in the case of European Style Warrants and Certificates) to realise value.

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

#### *Listing of Securities*

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

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

#### *Exchange rate risks and exchange controls*

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Cash Amount that investors may receive may be less than expected or zero.

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



## ***Legal Risks***

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

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

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

### *No reliance*

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the Central Bank shall be deemed to be incorporated in, and to form part of, this Base Prospectus. The documents set out below that are incorporated by reference in this Base Prospectus are direct translations into English from the original Italian language documents. The Issuer takes responsibility for such translations.

1. The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2015 (available at <https://www.bancaimi.com/en/bancaimi/chisiamo/documentazione/bilanci>):

	<i>2015 Company Financial Statements</i>	<i>2015 Consolidated Financial Statements</i>
Balance sheet (Statement of financial position)	Page 62	Page 306
Income statement	Page 64	Page 307
Changes in shareholders' equity	Page 66	Page 309
Statement of cash flows	Page 68	Page 310
Accounting principles and explanatory notes	Pages 72 -94	Pages 315-329
Auditors' report	Pages 225 - 229	Page 403

2. The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2016 (available at <https://www.bancaimi.com/en/bancaimi/chisiamo/documentazione/bilanci>):

	<i>2016 Company Financial Statements</i>	<i>2016 Consolidated Financial Statements</i>
Balance sheet (Statement of financial position)	Pages 70 - 71	Page 322
Income statement	Page 72	Page 323
Statement of comprehensive income	Page 73	Page 324
Statement of changes in equity	Pages 74-75	Page 325
Statement of cash flows	Pages 76 - 77	Pages 326-327
Notes to the condensed interim consolidated financial statements and Accounting policies		
Independent Auditors' report	Pages 241 - 244	Pages 419 - 422

3. The Terms and Conditions set out in the base prospectus dated 5 July 2016, as from time to time supplemented, relating to the Programme (the base prospectus dated 5 July 2016 is available at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_7051cb59-099f-491f-99ea-c9066374ddc4.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_7051cb59-099f-491f-99ea-c9066374ddc4.pdf) and the first supplement dated 1 September 2016 is available at [http://www.ise.ie/debt\\_documents/Supplements\\_03d91780-e8d0-4661-9d2c-0880906e8a66.pdf](http://www.ise.ie/debt_documents/Supplements_03d91780-e8d0-4661-9d2c-0880906e8a66.pdf)):

*Base Prospectus dated 5 July 2016*

Terms and Conditions

Pages 78 – 218

*First Supplement dated 1 September 2016*

Annex to the Terms and Conditions of the Securities -

Description of the Proprietary Indices

Pages 4 – 16

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

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Principal Security Agent for the time being in Luxembourg. This Base Prospectus is available on the official website of the Issuer at <https://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents> and on the official website of the Irish Stock Exchange at <http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/ShowSecProgramme/?progID=673> and all documents incorporated by reference herein are available on the official website of the Issuer at <https://www.bancaimi.com/en/bancaimi/chisiamo/documentazione/bilanci>, and on the official website of the Irish Stock Exchange at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_7051cb59-099f-491f-99ea-c9066374ddc4.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_7051cb59-099f-491f-99ea-c9066374ddc4.pdf) and at [http://www.ise.ie/debt\\_documents/Supplements\\_03d91780-e8d0-4661-9d2c-0880906e8a66.pdf](http://www.ise.ie/debt_documents/Supplements_03d91780-e8d0-4661-9d2c-0880906e8a66.pdf).

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus, which supplement will be approved by the Central Bank in accordance to the Irish applicable laws and regulations, or publish a new base prospectus for use in connection with any subsequent issue of Securities. Any supplement to this Base Prospectus will be published on the official website of the Issuer at <https://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents> and on the website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie).

## OVERVIEW OF THE PROGRAMME

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

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

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

<b>Issuer:</b>	Banca IMI S.p.A.
<b>Description:</b>	Warrants and Certificates Programme
<b>Certain Restrictions</b>	Each issue of Securities denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Offering and Sale</i> ").
<b>Principal Security Agent, Registrar and Listing Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Calculation Agent:</b>	The Issuer or such other calculation agent specified in the applicable Final Terms.
<b>Settlement Currencies:</b>	Euro, U.S. dollars or any other currency or currencies selected by the Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issuer may issue Securities in respect of which the Cash Settlement Amount and/or Early Redemption Amounts and/or Remuneration Amounts may be payable, as specified in the applicable Final Terms, in one or more currencies ( <b>Settlement Currency</b> as specified in the applicable Final Terms) which may be different from the currency in which the Issue Price was denominated ( <b>Issue Currency</b> as specified in the applicable Final Terms) ( <b>Dual Currency Securities</b> ).
<b>Issue Price:</b>	Certificates may be issued at such price as shall be determined by the Issuer or any Manager appointed in respect of the issue subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issue Price will be specified in the applicable Final Terms. If the applicable Final Terms will provide for the Discount Price, the Issue Price will be considered in order to calculate the Multiplier.
<b>Offer Price:</b>	Certificates may be offered at such price as specified in the applicable Final Terms (the Offer Price). The Offer Price may be equal to the Issue Price, or such other price as specified in the applicable Final Terms.
<b>Discount Price:</b>	The initial price at which the Certificates will be traded on the market may be determined on the basis of the Discount Price

specified in the applicable Final Terms. The Discount Price will be lower than the Issue Price. The Discount Price will be applicable only in relation to Certificates to be admitted to listing and/or trading without prior offer.

**Premium**

Warrants may be issued at such price (premium) as shall be determined by the Issuer or any Manager appointed in respect of the issue subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Premium will be specified in the applicable Final Terms.

**Form of Securities:**

*Bearer Securities*

Each issue of Bearer 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.

*Registered Securities*

Registered Securities will be represented by definitive registered certificates registered in the name of the beneficial owner thereof ("**Registered Certificates**") and/or a registered certificate in global form (a "**Global Registered Certificate**") which will be registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg or in any clearing system specified in the applicable Constituting Instrument. Definitive Exchangeable Bearer Securities will be exchangeable for definitive Registered Securities only if and to the extent so specified in the relevant Final terms. Registered Securities will not be exchangeable for Bearer Securities or an interest therein.

**Type of Securities:**

The Issuer may issue Warrants or Certificates (together, **Securities**) including Index Securities, Share Securities, Exchange Rate Securities, Futures Contract Securities, Fund Securities, Interest Rate Securities, Commodities Securities, Proprietary Index Securities and Combined Securities, as specified below.

Remuneration Amount(s) may be payable in respect of Securities, if so specified in the applicable Final Terms.

Warrants may be European Style Warrants or American Style Warrants.

**Settlement:**

Settlement will be by cash payment (**Cash Settled Securities**) or physical delivery (**Physical Delivery Securities**). The method of settlement will be specified in the applicable Final Terms or it will be subject to the occurrence of a specific event (e.g. the Barrier Event).

**Index Securities:**

The amounts in respect of Index Securities will be calculated by reference to one or more index or basket of indices.

<b>Share Securities (including GDRs/ADRs Securities):</b>	<p>The amounts in respect of Share Securities will be calculated by reference to one or more share or basket of shares or to one or more GDRs/ADRs or baskets of GDRs/ADRs.</p> <p>The Entitlement in respect of Physical Delivery Share Securities will be a specified amount of shares of one or more companies or an amount of GDRs/ADRs of one or more issuer of GDRs/ADRs, as applicable, subject to payment of the relevant Premium (in the case of Warrants) and any other sums payable.</p>
<b>Exchange Rate Securities:</b>	<p>The amounts in respect of Exchange Rate Securities will be calculated by reference to one or more exchange rate or basket of exchange rates.</p>
<b>Futures Contract Securities:</b>	<p>The amounts in respect of Futures Contract Securities will be calculated by reference to one or more future contract or a basket of future contracts.</p> <p>The Entitlement in respect of Physical Delivery Futures Contract Securities will be a specified amount of futures contracts, subject to payment of the relevant Premium (in the case of Warrants) and any other sums payable.</p>
<b>Interest Rate Securities:</b>	<p>The amounts in respect of Interest Rate Securities will be calculated by reference to one or more interest rate or a basket of interest rates.</p>
<b>Commodity Securities:</b>	<p>The amounts in respect of Commodity Securities will be calculated by reference to one or more commodity or a basket of commodities.</p> <p>The Entitlement in respect of Physical Delivery Commodity Securities will be a specified amount of commodities, subject to payment of the relevant Premium (in the case of Warrants) and any other sums payable.</p>
<b>Fund Securities:</b>	<p>The amounts in respect of Fund Securities will be calculated by reference to units or shares in one or more fund or a basket of funds.</p> <p>The Entitlement in respect of Physical Delivery Fund Securities will be a specified amount of fund shares or units, subject to payment of the relevant Premium (in the case of Warrants) and any other sums payable.</p>
<b>Proprietary Index Securities</b>	<p>The amounts in respect of Proprietary Index Securities will be calculated by reference to a proprietary index calculated and managed by Banca IMI S.p.A..</p>
<b>Combined Securities:</b>	<p>The Cash Settlement Amount and the Early Redemption Amount (if any) in respect of Combined Securities will be calculated by reference to an Underlying which may be different from the Underlying which will be relevant for the calculation of other Remuneration Amounts in relation to the same issue. Furthermore, in a Series with two or more financial assets as Underlying, the Issuer may choose, as indicated in the relevant Final Terms, to consider some Underlyings only for the purposes of the calculation of one or more Remuneration Amount(s) and not for the purposes of the calculation of the Cash Settlement Amount. In addition, where the applicable Final Terms provide more Remuneration Amount(s), they may be calculated by reference to a different Underlying in</p>

respect of each valuation period.

**Exercise of Certificates:**

Each Certificate shall be automatically exercised on the Exercise Date, unless an Early Redemption Event occurred (if applicable), or a Call Option is exercised by the Issuer (if applicable), or a Put Option is exercised by the investor (if applicable), or an Open End Feature is applicable (in case of Benchmark Certificates), as specified in the relevant Final Terms.

In the case of Certificates listed on the regulated market of jurisdictions other than Ireland, Securityholders may be entitled to waive the automatic exercise in accordance with the specific requirements of such regulated market, as specified in the applicable Final Terms.

**Exercise of Warrants:**

European Style Warrants are only exercisable on the Exercise Date or, if such day is not an Exercise Business Day, the immediately succeeding Exercise Business Day (the **Actual Exercise Date** and the **Expiration Date**).

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period (with the last Exercise Business Day of the Exercise Period being (the **Expiration Date**)).

If Automatic Exercise is not specified in the applicable Final Terms, any Warrant which has not been duly exercised by the relevant Securityholder, at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Expiration Date shall become void.

If Automatic Exercise is specified in the applicable Final Terms, any Warrant which has not been duly exercised by the relevant Securityholder, at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Expiration Date and which is, in the determination of the Calculation Agent, "In-The-Money" shall be automatically exercised on the Expiration Date. In the case of Italian Listed Warrants, automatic exercise can be waived by serving a Renouncement Notice, which shall be substantially in the form set out in the Agency Agreement, copies of which may be obtained from the specified office of the Principal Security Agent and the registered office of the Issuer.

**Return on the Securities:**

Cash Settled Securities entitle the holder to payment on the Settlement Date of the Cash Settlement Amount, if positive.

Physical Settled Securities entitle the holder to payment on the Settlement Date of the Entitlement.

If so specified in the relevant Final Terms the Certificates entitle the holder to payment of one or more Remuneration Amounts. The payment of one or more Remuneration Amounts may depend on the value of an Underlying which may be different from the Underlying whose value is calculated for the purpose of other Remuneration Amounts, or whose value is calculated for the purpose of the same Remuneration Amount but in relation to a different valuation period, or of the Cash Settlement Amount.

**Status of the Securities:**

The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank, unless provided otherwise by law, *pari passu* among themselves and, (save for

certain obligations required to be performed by law), equally with all other unsecured obligations other than subordinated obligations, if any, of the Issuer from time to time outstanding.

**Physical Delivery Securities and Assessed Value Payment Amount:** In the case of Physical Delivery Securities, in order to receive the relevant Entitlement, if so specified in the relevant Final Terms, the relevant Securityholder must deliver to the Principal Security Agent an Exercise Notice (in the case of Warrants) or a Physical Delivery Confirmation Notice (in the case of Certificates) prior to 10.00 a.m. Brussels or Luxembourg time, as the case may be, on the Expiration Date (in the case of Warrants) or the Exercise Date (in the case of Certificates) and pay any Expenses and any other amounts payable and, in the case of Warrants, the relevant Premium. If a Securityholder does not deliver an Exercise Notice or a Physical Delivery Confirmation Notice, as applicable, prior to 10.00 a.m. Brussels or Luxembourg time, as the case may be, on the Expiration Date or the Exercise Date, as applicable, no delivery of the Entitlement will be made and in lieu thereof the Issuer shall determine and pay the Assessed Value Payment Amount.

**Substitution of the Issuer:** Unless otherwise indicated in the relevant Final Terms, the Issuer is entitled, subject to the Conditions of the Securities, to substitute any other company as principal debtor in respect of all obligations arising from or in connection with any Securities or to change the branch through which it is acting for the purpose of any Securities. Upon any such substitution of the Issuer or branch, the Conditions of the Securities will be amended in all consequential respects.

**Listing and Admission to Trading:** Application has been made to the Irish Stock Exchange for Securities issued under the Programme to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Irish Stock Exchange's Regulated Market.

The Securities may also be unlisted or admitted to listing and trading on such other or further stock exchange or market or trading venues, as the Issuer may specify in the applicable Final Terms.

**Governing Law:** The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and shall be construed in accordance with, English Law.



## TERMS AND CONDITIONS OF THE SECURITIES

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

The Securities of this series (such Securities being hereinafter referred to as the **Securities**) are issued by Banca IMI S.p.A. (the **Issuer**) pursuant to an Agency Agreement dated on or about 28 July 2017 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) between the Issuer and BNP Paribas Securities Services, Luxembourg Branch as principal security agent (the **Principal Security Agent**, which expression shall include any successor principal security agent and, together with any additional security agents appointed pursuant to Clause 16 of the Agency Agreement, the **Security Agents**, which expression shall include any additional or successor security agents) and BNP Paribas Securities Services, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar).

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

The applicable Final Terms for the Securities is attached to the Global Security or Registered Global Security or any Securities in definitive form. Securities will be either warrants (**Warrants**) or certificates (**Certificates**), as specified in the applicable Final Terms, and references in these Conditions to **Security** and **Securities** will be construed accordingly. Conditions 18, 19 and 20 apply only to Warrants and Conditions 21 and 22 apply only to Certificates. Other Conditions apply to Warrants and/or Certificates, as applicable. References herein to the **applicable Final Terms** are to Part A of the Final Terms or each Final Terms (in the case of any further securities issued pursuant to Condition 11 and forming a single series with the Securities) (which for the avoidance of doubt may be issued in respect of more than one series of Securities) attached to the Global Security, Registered Global Security or Securities in definitive form insofar as it relates to the Securities.

### Bearer Securities

Each series of Securities that are not Registered Securities (as defined below in these Terms and Conditions of Securities) (**Bearer Securities**) will on issue be constituted by either (a) in the case of Bearer Securities with a maturity of more than one year, a temporary global security in bearer form (**Temporary Global Security**) or (b) in the case of Securities with a maturity of one year or less, a permanent global security in bearer form (**Permanent Global Security** and together with the Temporary Global Security, **Global Securities** and each a "Global Security") as indicated in the applicable Final Terms which, in either case, will be deposited with a depository (**Common Depository**) common to Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

On or after the 40th day following the Issue Date of the Temporary Global Securities (the Exchange Date) the Temporary Global Security will be exchangeable (a) for a Permanent Global Security or (b) for bearer securities in definitive form (Definitive Securities, and the expression Definitive Certificates shall be construed accordingly), as indicated in the applicable Final Terms and in each case only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Security are not United States persons or persons who have purchased for resale directly or indirectly to any United States person or to a person within the United States, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certification received) to the Principal Security Agent. A Permanent Global Security

will be exchangeable (free of charge), in whole but not in part, for Definitive Securities only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) and have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) as a result of a change in law, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Securities represented by the Securities in definitive form. The Issuer will promptly give notice to Securityholders in accordance with Condition 9 (*Notices*) if an Exchange Event occurs. No Definitive Security delivered in exchange for a Temporary Global Security or a Permanent Global Security, as the case may be, will be mailed or otherwise delivered to any location in the United States or its possessions.

While any Bearer Security is represented by a Temporary Global Security, payments of principal and interest due prior to the Exchange Date will be made (i) only outside the United States, and (ii) only to the extent of certification of beneficial ownership (as described above).

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

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

#### Registered Securities

Any Securities that are "registration required obligations" under the Code and US Treasury Regulations will be issued in "registered form" for US federal income tax purposes (**Registered Securities**). Registered Securities will be represented by definitive registered certificates registered in the names of the beneficial owners thereof (**Registered Certificates** or **Registered Securities**) and/or a registered certificate in global form (a **Global Registered Certificate**) which will be registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg or in any clearing system specified in the applicable Final Terms. Definitive Securities will be exchangeable for definitive Registered Securities only if and to the extent so specified in the relevant Final Terms. Definitive Registered Securities will not be exchangeable for Definitive Securities or an interest therein.

#### *General*

Copies of the Agency Agreement (which contains the form of the Final Terms) and the applicable Final Terms are obtainable at the specified office of the Principal Security Agent, and in the case of Registered Securities, the Registrar, save that if the Securities are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Securityholder holding one or more Securities (as detailed below) and such Securityholder must produce evidence satisfactory to the Issuer or the relevant Security Agent as to its holding of such Securities and identity.

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

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

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

#### (A) *Type*

The Securities are Index Securities, Share Securities, Exchange Rate Securities, Futures Contract Securities, Fund Securities, Interest Rate Securities, Proprietary Index Securities and Commodities Securities, Dual Currency Securities (or a combination of Dual Currency Securities and any of the foregoing) and Combined Securities, as specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to the Securities are set out in Condition 15 (*Terms of the Securities*).

The applicable Final Terms will indicate:

- 1) For all Securities, whether settlement shall be by way of cash payment (**Cash Settled Securities**) or physical delivery (**Physical Delivery Securities**) or whether the method of settlement will be subject to the occurrence of a specific event (e.g. the Barrier Event);
- 2) In the case of Warrants only:
  - (i) whether the Warrants are American style Warrants, being Warrants which are exercisable during a specified period (**American Style Warrants**) or European style Warrants, being Warrants which are exercisable on a specified date (**European Style Warrants**) and whether automatic exercise (**Automatic Exercise**) applies to Warrants;
  - (ii) whether the Warrants are call Warrants (**Call Warrants**) or put Warrants (**Put Warrants**) or such other type as may be specified in the applicable Final Terms and whether the Warrants may only be exercisable in Units. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice which purports to exercise the Warrants in breach of this provision shall be void and of no effect; and
- 3) in the case of Certificates only, whether remuneration amounts shall be payable in respect of the Securities.

Reference in these Conditions, unless the context otherwise requires, to Cash Settled Securities shall be deemed to include references to Physical Delivery Securities, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of such Security and where settlement is to be by way of cash payment, and references in these Conditions, unless the context otherwise requires, to Physical Delivery Securities shall be deemed to include references to Cash Settled Securities which include an option (as set out in the applicable Final Terms) at the Issuer election to request physical delivery of the relevant Underlying in settlement of such Security and where settlement is to be by way of Physical Delivery.

Securities may, if so specified and provided for in the applicable Final Terms, allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Securities where the holder has elected for cash payment will be Cash Settled Securities and those Securities where the holder has elected for physical delivery will be Physical Delivery Securities. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement if so indicated in the applicable Final Terms.

(B) *Title to Securities other than Registered Securities*

For so long as the Securities are represented by a Global Security, each person (other than Euroclear or Clearstream Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest

error) shall be treated by the Issuer, the Security Agents and the Calculation Agent as the holder of such number of Securities for all purposes (and the expressions **Securityholder** and **holder of Securities** and related expressions shall be construed accordingly).

(C) *Title to Registered Certificates*

For so long as the Securities are represented by a Global Registered Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be, each person (other than Euroclear or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be, as the holder of a particular amount of such Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be, as to the amount of Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Security Agents and the Calculation Agent as the holder of such amount of such Certificates for all purposes other than with respect to the payment of cash settlement amounts, remuneration amounts and/or interest with respect to such Certificates for which purpose the registered holder (as shown in the register kept at the principal office of the Registrar (the "**Register**"), of the relevant Global Registered Certificate shall be treated by the Issuer, the Security Agents and the Calculation Agent as the holder of such amount of such Certificates in accordance with and subject to the terms of the relevant Global Registered Certificate (and the expressions **Security Holder** and **holder of Securities** and related expressions shall be construed accordingly).

In the case of definitive Registered Certificates, the Issuer shall cause to be kept at the principal office of the Registrar, a Register on which shall be entered the names and addresses of all Certificateholders, the amount and type of the Certificates held by each Certificateholder and details of all transfers of the Certificates. Each person who is for the time being shown in the Register as the holder of a particular amount of Certificates shall (except as otherwise required by law) be treated as the absolute owner of such amount of Certificates for all purposes (regardless of any notice of ownership, trust, or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating such person (and the expressions **Security Holder** and **holder of Securities** and related expressions shall be construed accordingly).

(D) *Transfers of Securities other than Registered Securities*

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

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

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Security Agent from time to time and notified to the Securityholders in accordance with Condition 9 (*Notices*).

Any transfer or attempted transfer in or into the United States or to, or for the account or benefit of, a United States person shall be null and void *ab initio* and shall vest no rights in the purported transferee (the **Disqualified Transferee**) and the last preceding holder that was not a Disqualified Transferee

shall be restored to all rights as a Securityholder thereof retroactively to the date of transfer of such interest by the relevant Securityholder.

(E) *Transfers of Registered Securities*

Global Registered Securities may be transferred only to a successor clearing organization. Transfers of beneficial interests in the underlying Registered Certificates represented by a Global Registered Security will be effected only through the book-entry system maintained by Euroclear or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be, and may be effected by such clearing systems or by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. Title will pass upon registration of the transfer in the books of Euroclear or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be.

Title to definitive Registered Certificates will pass upon the registration of transfers in accordance with the provisions of the Agency Agreement. A definitive Registered Certificate may be transferred by the transferor or a person duly authorised on behalf of the transferor depositing at the specified office of the Registrar a duly completed transfer certificate (a **Transfer Certificate**) in the form set out in the Agency Agreement (copies of which are available from the Registrar) signed by or on behalf of the transferor and upon the Registrar after due and careful enquiry being satisfied with the documents of title and the identity of the person making the request and subject to the regulations set out under the Agency Agreement, the Registrar should enter the name of the transferee in the Register for the definitive Registered Certificates as the Certificateholder of the Registered Certificate specified in the form of transfer.

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum determined by the Calculation Agent sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration or exchange in the jurisdiction of the Issuer or in any other jurisdiction where the Registrar's specified office is located.

Registered Certificates and interests therein may not be transferred at any time, directly or indirectly, in or into the United States or to or for the benefit of a U.S. person, and any such transfer shall not be recognised.

**2. Status of the Securities**

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

**3. Definitions**

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

**Accumulated Amount** means, in relation to one or more Accumulated Valuation Date, the amount in the Settlement Currency to be paid to the Securityholder on the relevant Accumulated Payment Date per each Minimum Exercise Amount pursuant to Condition 23 (*Pay-out provisions*).

Each Accumulated Amount, in relation to the relevant Accumulated Valuation Date, will be equal to the product between (i) the Accumulating Amount provided in relation to such Accumulating Valuation Period and (ii) the total number of Accumulating Events occurred.

If an Early Redemption Level is applicable under the relevant Final Terms, and if so specified in such Final Terms, the Accumulated Amount will be paid only upon occurrence of an Early Redemption Event. In such case, the Accumulated Amount will be paid on the Accumulated Payment Date coinciding with, or immediately after, the Early Payment Date in relation to which an Early Redemption Event has occurred;

**Accumulating Amount** means, in relation to the relevant Accumulating Valuation Period, the amount in the Settlement Currency set out in the relevant Final Terms;

**Accumulating Autocallable Trigger** means the amount in the Settlement Currency set out in the relevant Final Terms in relation to the relevant Accumulated Valuation Date. If on an Accumulated Valuation Date the Accumulated Amount payable to the investors is lower than, equal to or higher than, as specified in the applicable Final Terms, the relevant Accumulating Autocallable Trigger, such event will be considered as an Early Redemption Event and, therefore, the Certificates are deemed to be early redeemed and the Securityholders are entitled to received the payment of the relevant Early Redemption Amount on the relevant Early Payment Date;

**Accumulating Event** means the event occurring when the Calculation Agent determines that, during the relevant Accumulating Valuation Period, the Reference Value of the relevant Underlying (or the Spread in the case of Spread Certificates) (i) is lower than, equal to or higher than the relevant Accumulating Level or (ii) falls within or out of a range between two levels (the Up Range Accumulating Level and the Down Range Accumulating Level, included or excluded in the range as the case may be and as specified in the relevant Final Terms).

The investors will be notified of the number of Accumulating Events occurred during the relevant Accumulating Valuation Period through a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>;

**Accumulating Level** means the value, represented by a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates) or by a predetermined value, specified in the relevant Final Terms in relation to the relevant Accumulating Valuation Period;

**Accumulated Payment Date** means the Business Day on which the Issuer shall pay the Accumulated Amount to the Securityholders provided that, if such date does not fall on a Business Day, it shall be postponed to the next day which is a Business Day;

If an Early Redemption Level is applicable under the relevant Final Terms, and if so specified in such Final Terms, the Accumulated Amount will be paid only upon occurrence of an Early Redemption Event. In such case, the Accumulated Amount will be paid on the Accumulated Payment Date coinciding with, or immediately after, the Early Payment Date in relation to which an Early Redemption Event has occurred;

**Accumulated Valuation Date** means the date, specified in the Final Terms, in which the Calculation Agent determines how many times the relevant Accumulating Event has occurred during the relevant Accumulating Valuation Period and therefore it determines the amount of the relevant Accumulated Amount. If the Accumulated Valuation Date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day. In the event of more Accumulating Valuation Periods, the relevant Final Terms will indicate the **First Accumulated Valuation Date**, the **Second Accumulated Valuation Date**, and so on;

If the Final Terms indicate the Accumulating Autocallable Trigger as applicable, in the Accumulated Valuation Date following the relevant Accumulating Valuation Period, the Calculation Agent will determine also whether an Early Redemption Event has occurred;

**Accumulating Valuation Period** means the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms) in which the Calculation Agent determines the occurrence of the Accumulating

Event(s). In the event of more Accumulating Valuation Periods, the relevant Final Terms will indicate the **First Accumulating Valuation Period**, the **Second Accumulating Valuation Period**, and so on;

The above applies provided that in the opinion of the Calculation Agent a Market Disruption Event in an Accumulating Valuation Period has not occurred. Conversely, if that is the case, the Exchange Business Day of the Accumulating Valuation Period which is a Disrupted Day is intended to be postponed to the first following Exchange Business Day which is not a Disrupted Day. In any case, such Exchange Business Day of the Accumulating Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Actual Exercise Date**, in respect of an American Style Warrant, is defined in Condition 18(A) (i) or in respect of an European Style Warrant, is defined in Condition 18(A)(ii), in each case subject to Condition 20(A) (ii);

**ADR** means an American Depositary Receipt which will be specified as the underlying asset or a Basket Constituent, from time to time in the relevant Final Terms.

Save where specifically provided under the Final Terms, all references in the Conditions or, as applicable, to the "Shares" shall be deemed to be to the GDRs or ADRs, as applicable, and/or the Underlying Shares, references to the issuer of the Share, as applicable, shall be deemed to be to the issuer of the GDRs or ADRs, as the case may be, and the issuer of the Underlying Shares, and references to the "Exchange" shall be deemed to be to the exchange or quotation system on which the GDRs or ADRs, as the case may be, are listed and the exchange or quotation system on which the Underlying Shares are listed, and with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable provided that any such amendment is not materially prejudicial to the holders of Securities;

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

**Air Bag Factor** means the numerical value specified in the Final Terms relating to each Series;

**AMF Percentage** means, in relation to the calculation of the Annual Management Fee, the percentage indicated in the Final Terms, which may be lower than or equal to 5% per annum;

**Annual Management Fee or AMF**, means, if applied by the Issuer in relation to Benchmark Certificates, a fee charged to the investor which, irrespective of the performance of the Underlying, will accrue gradually and proportionally to the tenor of the Certificates and will be determined according to the formula set out below.

The Calculation Agent will deduct the accrued AMF from the Cash Settlement Amount pursuant to Condition 23 (*Pay-out provisions*). If the Certificates are listed or admitted to trading, their price for trading purposes will include the AMF gradually accrued on each Exchange Business Day.

In particular, the AMF will be determined on the basis of a percentage specified in the relevant Final Terms (the **AMF Percentage**). The AMF will be calculated as follows:

$$AMF_t = \prod_{t \in (t_0, t_0+1, \dots, t)} \left( 100\% - \frac{AMF\text{Percentage}}{365.25} \right)$$

Where:

"**AMF Percentage**" means the percentage indicated from time to time in the relevant Final Terms;

"**t**" is the number related to each calendar day when the AMF is determined;

In relation to the Annual Management Fee, in order to keep aligned the value of the Underlying and the value of the Certificates, the Issuer may proceed (if so specified in the applicable Final Terms), on every Adjustment Day specified in the applicable Final Terms, to reset the Multiplier. Such adjustment will be notified (at least on the Business Day before the relevant Adjustment Day), in case of listing, by way of notice published on the relevant Stock Exchange website.

The adjustment will be determined according to the following formula (with Adjustment Day t+1):

$$\text{Multiplier}_{t+1} = \text{Multiplier}_t \times \text{Adjustment Factor}_t$$

Where:

$$\text{"Adjustment Factor}_t\text{"} = \frac{1}{\prod_{i \in (t_0, t_0+1, \dots, t)} (100\% - \frac{\text{AMF Percentage}}{365.25})}$$

"t<sub>0</sub>, t<sub>0</sub>+1, ..., t" are the days between the preceding Adjustment Day and "t".

"Multiplier<sub>t</sub>" is the Multiplier determined at day "t" preceding the Adjustment Day.

**Annual Valuation Date** means, in relation to the Internal Return Amount (if applicable), the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms) in which the Calculation Agent determines the Reference Value of the Underlying for the purposes of the calculation of the Internal Return Amount provided that, if such date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day;

**Annual Remuneration Payment Date** means, in relation to the Internal Return Amount (if applicable), one or more Business Day(s) on which the Issuer shall pay the Internal Return Amount to the Securityholders provided that, if such date does not fall on a Business Day, it shall be postponed to the next day which is a Business Day. If there are more Annual Remuneration Payment Dates, the relevant Final Terms will specify the **First Annual Remuneration Payment Date**, the **Second Annual Remuneration Payment Date** and so on;

**Barrier Event** means, if applicable pursuant to the relevant Final Terms, the event which occurs when the Calculation Agent determines that during the Barrier Event Determination Period(s), the Reference Value of one or more Underlying(s) and/or the Spread in the case of Spread Certificates (calculated in accordance with one of the formulas set out in the definition of "Spread") and/or the Cumulated Performance in the case of Multiperformance Certificates, as specified in the applicable Final Terms:

- (i) is equal to, higher than or lower than the relevant Barrier Level; and/or
- (ii) it has been, at least once during the relevant Barrier Event Determination Period, equal to, higher than or lower than the relevant Barrier Level; and/or
- (iii) it has never been equal to, higher than or lower than the relevant Barrier Level during the relevant Barrier Event Determination Period,

as specified from time to time in the relevant Final Terms.

In the case of Certificates with Best Of Feature or Worst Of Feature, the Issuer will specify in the relevant Final Terms the occurrence of the Barrier Event in relation to one or more Underlying(s) and the Final Terms will specify the Barrier Level for each Underlying. In particular, for the purposes of determining the occurrence of a Barrier Event, the Final Terms will specify the number of Underlyings that have to be equal to, higher than or lower than the Barrier Level. For example, if the Final Terms specify that the Barrier Event occurs if the Underlying is lower than the Barrier Level, in case of Second Worst Of, the Barrier Event occurs if e.g. among



four Underlyings at least two Underlyings are lower than the Barrier Level. Otherwise, in case of Second Best Of, the Barrier Event occurs if e.g. among four Underlyings all but one Underlyings are lower than the Barrier Level and only one Underlying is higher than or equal to the Barrier Level.

The Barrier Event will be promptly notified to the Securityholders pursuant to Condition 9 (*Notices*);

**Barrier Event Determination Period(s)** means the period(s) composed of one or more Exchange Business Day(s) (provided that, if one or more of these days do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) as specified from time to time in relation to each Series in the relevant Final Terms.

During this period, the occurrence of the Barrier Event may be determined observing either the Reference Value or the Spread (in the case of Spread Certificates) or the Cumulated Performance (in the case of Multiperformance Certificates), as specified in the applicable Final Terms.

Without prejudice to Condition 15(1) (*Market Disruption Event*) in relation to the Intraday Value, in the event that a Market Disruption Event has occurred on an Exchange Business Day of the Barrier Event Determination Period(s), such Exchange Business Day will be postponed to the following Exchange Business Day on which the Market Disruption Event is no longer in place. Such Exchange Business Day shall not be postponed beyond the eighth Exchange Business Day following the Exchange Business Day initially specified;

**Barrier Gap Event** means, in the case of Gap Certificates and the Premium Gap Amount, the event which occurs when the Calculation Agent determines that, during the Barrier Gap Observation Period, the Gap Daily Performance, as calculated in accordance with the terms of the relevant Final Terms, is equal to, higher than or lower than the Barrier Gap Level specified from time to time in the relevant Final Terms. The Barrier Gap Event will be promptly notified to the Securityholders pursuant to Condition 9 (*Notices*).

If the Best Of Feature or the Worst Of Feature applies in relation to the determination of the occurrence of the Barrier Gap Event, the Issuer will specify in the relevant Final Terms the occurrence of the Barrier Gap Event in relation to one or more Underlying and the Final Terms will specify the Barrier Gap Level for each Underlying. In particular, for the purposes of determining the occurrence of a Barrier Gap Event, the Final Terms will specify the number of Underlyings that have to be equal to, higher than or lower than the Barrier Gap Level. For example, if the Final Terms specify that the Barrier Gap Event occurs if the Underlying is lower than the Barrier Gap Level, in case of Second Worst Of, the Barrier Gap Event occurs if e.g. among four Underlyings at least two Underlyings are lower than the Barrier Gap Level. Otherwise, in case of Second Best Of, the Barrier Gap Event occurs if e.g. among four Underlyings all but one Underlyings are lower than the Barrier Gap Level and only one Underlying is higher than or equal to the Barrier Gap Level.

In relation to the calculation of the Premium Gap Amount(s) payable to the investor during the life of the Gap Certificates, the investor should consider that after the occurrence of the Barrier Gap Event:

- (i) the Premium Gap Amount will be determined on the basis of the actual number of days within the relevant Premium Gap Observation Period and not on the basis of all the days of the relevant Premium Determination Period; and
- (ii) after the payment of the Premium Gap Amount that will be paid on the first Premium Payment Date following the Barrier Gap Event Date on which a Barrier Gap Event has occurred, no further Premium Gap Amount will be paid to the investors.

**Barrier Gap Event Date** means, in the case of Gap Certificates, the date on which a Barrier Gap Event has occurred;

**Barrier Gap Leverage** means, in the case of Gap Certificates, a percentage indicated by the Issuer in the relevant Final Terms;

**Barrier Gap Level** means, in relation to the Barrier Gap Event, a percentage indicated by the Issuer in the relevant Final Terms;

**Barrier Gap Observation Period(s)** means the period(s) composed of one or more Exchange Business Day(s) (provided that, if such one or more of these days do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) as indicated in the relevant Final Terms on which the Calculation Agent determines if the Gap Daily Performance of the Underlying, as calculated in accordance with the terms of the relevant Final Terms, is equal to, higher than or lower than the Barrier Gap Level as specified from time to time in the relevant Final Terms.

Without prejudice to Condition 15(1) (*Market Disruption Event*) in relation to the Intraday Value, in the event that a Market Disruption Event has occurred on an Exchange Business Day of the Barrier Gap Observation Period(s), such Exchange Business Day will be postponed to the following Exchange Business Day on which the Market Disruption Event is no longer in place. Such Exchange Business Day shall not be postponed beyond the eighth Exchange Business Day following the Exchange Business Day initially specified;

**Barrier Level** means the value specified in the applicable Final Terms that determines the occurrence of the Barrier Event. Such value may be set as:

- (i) a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) specified in the applicable Final Terms; or
- (ii) a predetermined value specified in the applicable Final Terms; or
- (iii) a percentage of the Strike, specified in the applicable Final Terms; or
- (iv) a percentage of the highest or the lowest (as specified in the applicable Final Terms) Reference Value of the Underlying registered during the Barrier Selection Period.

If the Best Of Feature or the Worst Of Feature applies in relation to the determination of the occurrence of the Barrier Event, the Issuer will specify in the relevant Final Terms the occurrence of the Barrier Event in relation to one or more Underlying and the Final Terms will specify the Barrier Level for each Underlying. In particular, for the purposes of determining the occurrence of a Barrier Event, the Final Terms will specify the number of Underlyings that have to be equal to, higher than or lower than the Barrier Level. For example, if the Final Terms specify that the Barrier Event occurs if the Underlying is lower than the Barrier Level, in case of Second Worst Of, the Barrier Event occurs if e.g. among four Underlyings at least two Underlyings are lower than the Barrier Level. Otherwise, in case of Second Best Of, the Barrier Event occurs if e.g. among four Underlyings all but one Underlyings are lower than the Barrier Level and only one Underlying is higher than or equal to the Barrier Level;

**Barrier Selection Period** means, when the Barrier Level is determined as specified at point (iv) of the definition of "Barrier Level", the period composed of one or more Exchange Business Day(s) (provided that, if such one or more of these days do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day), as indicated in the relevant Final Terms, on which the Calculation Agent determines the highest or the lowest Reference Value (as specified in the applicable Final Terms) of the Underlying in order to determine the Barrier Level;

**Basket** means a portfolio composed of two or more financial assets comprised in the same basket, as specified from time to time in the relevant Final Terms. The Final Terms will also provide information related to the Basket Constituent Weight, specifying if the Rainbow calculation method is applicable (as defined below and in the event of a Rainbow Feature);

**Basket Constituent** means, in relation to each Series, each financial asset specified as such in the relevant Final Terms;

"**Basket Constituent Weight**" means, in respect of each Basket Constituent, the percentage specified in the applicable Final Terms;

**Basket Value** means the value of the Basket calculated by the Calculation Agent in order to determine the Initial Reference Value, the Reference Value and Final Reference Value.

In particular, at any time, the Basket Value is equal to the sum of the single Values of the Basket Constituents at such time, divided by the single Values of the Basket Constituents at time "0" which, in the case of an offer, is the Determination Date<sup>1</sup> or, in the case of an admission to trading, is the Issue Date, and multiplied by the relevant weighting of each Basket Constituent comprised in the same Basket, in accordance with one of the following formulas:

$$a) \text{ Basket}_t = \sum_{i=1}^n \frac{C_t^i}{C_0^i} \times W^i$$

Where:

"**Basket<sub>t</sub>**" is the Basket Value at time "t",

"**C<sub>t</sub><sup>i</sup>**" is the Value of the Basket Constituent "i" at time "t", as specified in the Final Terms,

"**C<sub>0</sub><sup>i</sup>**" is the Value of the Basket Constituent "i" at time "0", as specified in the Final Terms,

"**W<sup>i</sup>**" is the weighting of each Basket Constituent, and

"**n**" is the number of the Basket Constituents;

$$b) \text{ Basket}_t = \sum_{i=1}^n \text{Min}(\text{Cap}_i ; \frac{C_t^i}{C_0^i}) \times W^i$$

Where:

"**Basket<sub>t</sub>**" is the Basket Value at time "t",

"**Cap<sub>i</sub>**" is the maximum performance of the Basket Constituent "i", specified in the applicable Final Terms for each Basket Constituent, considered in order to calculate the Basket Value,

"**C<sub>t</sub><sup>i</sup>**" is the Value of the Basket Constituent "i" at time "t", as specified in the Final Terms,

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<sup>1</sup> where there is more than one Determination Date the Values of the Basket Constituents at time "0" will correspond to the arithmetic mean of the relevant Reference Values of each Basket Constituent determined on such Determination Dates.

" $C_b^i$ " is the Value of the Basket Constituent " $i$ " at time " $0$ ", as specified in the Final Terms,

" $w^i$ " is the weighting of each Basket Constituent; and

" $n$ " is the number of the Basket Constituents;

**Best Of Feature** means the determination method for the calculation of the Settlement Amount and/or the Early Redemption Amount (if applicable) and/or of any Remuneration Amounts (if applicable), where the Calculation Agent selects, in relation to the relevant valuation period, the Best Of Underlying, which is the underlying asset with the first, the second or the third (and so on, on the basis of the number of the Underlyings) best Performance compared with the other Underlyings.

The applicable Final Terms will also specify whether the Best Of Feature applies to the determination of:

- (i) the relevant Remuneration Amount only; or
- (ii) the Early Redemption Amount only; or
- (iii) the Settlement Amount only; or
- (iv) the occurrence of the Barrier Event only; or
- (v) the relevant Remuneration Amount and/or the Settlement Amount and/or the Early Redemption Amount only and/or the occurrence of the Barrier Event.

**Best Of Underlying** means, in the case of Best Of Feature, the Underlying with the first, second or third (and so on, depending on the number of the underlying assets) best Performance of the Underlying in respect of the Performance of the other Underlyings. The Calculation Agent will select, in the relevant valuation period or at maturity, the Best Of Underlying and the investors will be informed pursuant to Condition 9 (*Notices*). In the Final Terms, the Issuer will indicate for each Series if it will take into account the Underlying with the first best Performance (in such case this will be named Best Of Underlying), the second best Performance (in such case this will be named **Second Best Of Underlying**) or the third best Performance (in such case this will be named **Third Best Of Underlying**) and so on.

**Buffer Event** means, in relation to Buffer Protection Certificates, the event occurring when the Calculation Agent determines that, in a Buffer Valuation Date(s) indicated by the Issuer, the Performance Sum is lower than, equal to or higher than the Buffer Percentage, as specified in the relevant Final Terms from time to time;

**Buffer Percentage** means in relation to Buffer Protection Certificates, the percentage specified in the relevant Final Terms;

**Buffer Valuation Date(s)** means, in relation to Buffer Protection Certificates, the period (composed of one or more Exchange Business Day(s) as indicated in the relevant Final Terms) in which the Calculation Agent determines if the Performance Sum is lower than, equal to or higher than the Buffer Percentage and therefore if a Buffer Event has occurred.

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

**Calculation Agent** means Banca IMI S.p.A. or such other calculation agent specified in the applicable Final Terms;

**Calculation Entity** means, in the case of Certificates on Interest Rates, the entity responsible for the calculation and publication of the Interest Rate that will be indicated from time to time in the relevant Final Terms;

**Call Exercise Date** means the Exchange Business Day on which the Certificates are exercised by the Issuer, as specified in the Final Terms, following the Call Option Exercise of the Issuer. The Call Exercise Date coincides with the Call Valuation Date specified in the Final Terms provided that, if such date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day;

**Call Notice Period** means the date – indicated in the Final Terms – by which the Issuer shall notify, in accordance with Condition 21 (*Exercise of Certificates*) below, the intention to exercise the Call Option during the relevant Call Exercise Date;

**Call Option** means, if the Call Option is specified as applicable in the relevant Final Terms, the option which can be irrevocably exercised by the Issuer during the Call Notice Period specified in the applicable Final Terms pursuant to Condition 21 (*Exercise of Certificates*) below;

**Call Valuation Date** means, if the Call Option is specified as applicable in the relevant Final Terms, one or more Exchange Business Day(s) on which the Calculation Agent determines the Reference Value, provided that, if such date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day. The Call Valuation Date will be specified in the relevant Final Terms from time to time relating to each Series, and will be considered for the purposes of the calculation of the Cash Settlement Amount, provided that, the Call Option has been exercised by the Issuer and, in the opinion of the Calculation Agent, a Market Disruption Event has not occurred;

If, on a Call Valuation Date, a Market Disruption Event (as defined below) occurs, such Call Valuation Date will be postponed to the following Exchange Business Day on which the Market Disruption Event is no longer in place.

Such Call Valuation Date shall not, in any case, be postponed beyond the eighth Exchange Business Day following the Call Valuation Date;

**Cap** means either the Cap, the Cap Amount, the Cap Barrier Amount, the Cap Level or the Cap Percentage as specified in the relevant Final Terms;

**Cap Amount** means the amount indicated as such in the relevant Final Terms;

**Cap Barrier Amount** means the amount indicated as such in the relevant Final Terms;

**Cap Down Amount** means the amount that may be considered, if indicated in the relevant Final Terms, for the purpose of the calculation of the Cash Settlement Amount of Twin Win Certificates when the Final Reference Value is lower than the Initial Reference Value multiplied by the Strike Percentage; **Cap Level** means a value expressed in the Underlying Reference Currency, calculated as either (i) the product between the Cap Percentage and the Initial Reference Value, or (ii) a value specified by the Issuer, in respect to the relevant Series, in the relevant Final Terms;

**Cap Percentage** means the percentage indicated in the relevant Final Terms;

**Cap Style 1** means in relation to a Cap Level and if the Restrike Feature is indicated as applicable in the relevant Final Terms, the calculation method pursuant to which, if the Restrike Event has occurred, the Cap Level will be determined in accordance with the Restrike Percentage.

**Cap Style 2** means in relation to a Cap Level and if the Restrike Feature is indicated as applicable in the relevant Final Terms, the calculation method pursuant to which, if the Restrike Event has occurred, the Cap Level will not be taken into consideration for the purposes of the Cash Settlement Amount.

**Cash Settlement Amount** means, (i) in relation to a Cash Settled Security, the amount in the Settlement Currency which the Securityholder is entitled to receive on the Settlement Date in relation to each Security; or (ii) in relation to Warrants and if Units are specified in the applicable Final Terms, the amount in the Settlement Currency which the Securityholder is entitled to receive on the Settlement Date in relation to each Unit, in each case as determined by the Calculation Agent pursuant to the provisions in the applicable Final Terms and Condition 23. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Securities exercised or redeemed, as the case may be, at the same time by the same Securityholder will be aggregated for the purpose of determining the aggregate Cash Settlement Amount payable;

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

**Clearstream, Luxembourg** means Clearstream Banking S.A.;

**Cliquet Feature** means, if so specified by the Issuer in the relevant Final Terms, the Determination Method of the Digital Level pursuant to which the Calculation Agent will update the Digital Level determining the Reference Value of the Underlying (or the Spread in the case of Spread Certificates or the Cumulated Performance in the case of Multiperformance Certificates) (i) in relation to the relevant Digital Valuation Period or (ii) only if a Digital Event has occurred in the relevant Digital Valuation Period. The investors will be informed of the update of the Digital Level in accordance with Condition 9 (*Notices*);

**CMS Rate** means a swap rate for swap transactions in the specified currency with a designated maturity which appears on a particular screen page on or around the date when interest is calculated;

**Combined Securities** means the type of Securities which is a combination of the following types, as specified from time to time in the relevant Final Terms: Index Securities, Share Securities, Exchange Rate Securities, Futures Contract Securities, Fund Securities, Interest Rate Securities, Proprietary Index Securities and Commodities Securities;

**Commodity** means, in relation to each Series, either as single or as a Basket Constituent, the commodity indicated as Underlying in the relevant Final Terms;

**Commodity Index** means each index specified as such in the applicable Final Terms;

**Consolidation Effect** means a calculation method of the Digital Amount, if applicable pursuant to the relevant Final Terms, according to which, if:

- (i) there are more Digital Valuation Periods; and
- (ii) the Calculation Agent determines that the Reference Value of the Underlying (or of the Spread in the case of Spread Certificates, or of the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than the Consolidation Level (as indicated in the relevant Final Terms) in a Consolidation Valuation Period,

the Digital Event will automatically occur, without further determinations, for all the Digital Valuation Periods following such Consolidation Valuation Period.

If the Reference Value of the Underlying (or the Spread in the case of Spread Certificates, or the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than Consolidation

Level (as indicated in the relevant Final Terms), the Securityholder will be notified pursuant to Condition 9 (*Notices*);

**Consolidation Level** means the value indicated by the Issuer in the relevant Final Terms in addition to the Digital Level, if the Consolidation Effect is applicable.

The Consolidation Level is represented by a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value.

In the event that the Calculation Agent determines that the Reference Value of the Underlying (or the Spread in the case of Spread Certificates, or the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than the Consolidation Level (as indicated in the relevant Final Terms) in a Consolidation Valuation Period, the Digital Event will automatically occur without need of further determinations for all the Digital Valuation Periods following such Consolidation Valuation Period;

**Consolidation Valuation Period** means, in relation to the Consolidation Effect, the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms, provided that, if one or more of these days do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the Reference Value of the Underlying (or the Spread in the case of Spread Certificates, or the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than the Consolidation Level (if applicable and as better specified in the relevant Final Terms).

In case of more Consolidation Valuation Periods, the relevant Final Terms will indicate the **First Consolidation Valuation Period**, the **Second Valuation Consolidation Period**, and so on.

The above applies provided that, in the opinion of the Calculation Agent, a Market Disruption Event during a Consolidation Valuation Period has not occurred. In this case, the Exchange Business Day of the Consolidation Valuation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Consolidation Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Conversion Rate** means, in relation to Dual Currency FX Certificates, the rate specified in the applicable Final Terms;

**Coupon Determination Period** means the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms) in which the Calculation Agent determines whether the Coupon Event has occurred;

**Coupon Event** means, if applicable pursuant to the relevant Final Terms, the event which occurs when the Calculation Agent determines that, during the Coupon Determination Period, the Reference Value of one or more Underlying(s), or the Spread in the case of Spread Certificates (calculated in accordance with one of the formulas set out in the definition of "Spread"), or the Cumulated Performance in the case of Multiperformance Certificates, or the Gap Daily Performance in the case of Gap Certificates, as specified in the applicable Final Terms, is equal to, higher than or lower than the Coupon Level and/or has never been equal to, higher than or lower than the Coupon Level, as specified from time to time in the relevant Final Terms.

The occurrence of the Coupon Event will determine the amount of the Digital Amounts, if applicable, and/or of the Early Redemption Amounts, if applicable, payable during the life of the Certificates.

Therefore, if on the Coupon Valuation Date, the Calculation Agent determines that the Coupon Event has occurred, the Digital Amounts and/or the Early Redemption Amounts will be determined on the basis of the Coupon Premium 1. Conversely, if on the Coupon Valuation Date, the Calculation Agent determines that the Coupon Event has not occurred, the Digital Amounts and/or the Early Redemption Amounts will be determined

on the basis of the Coupon Premium 2;

**Coupon Level** means, if applicable under the relevant Final Terms, the value determined as a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or as a predetermined value, which determines the occurrence of the Coupon Event.

The Coupon Level will be specified in the relevant Final Terms;

**Coupon Premium 1** means the amount in the Settlement Currency set out in the relevant Final Terms that, if the Coupon Event has occurred, will be used for the determination of the amount of the Digital Amounts, if applicable, and/or of the Early Redemption Amounts, if applicable, payable during the life of the Certificates;

**Coupon Premium 2** means the amount in the Settlement Currency set out in the relevant Final Terms that, if the Coupon Event has not occurred, will be used for the determination of the amount of the Digital Amounts, if applicable, and/or of the Early Redemption Amounts, if applicable, payable during the life of the Certificates;

**Coupon Valuation Date** means the date, specified in the Final Terms, on which the Calculation Agent if the Coupon Event has occurred during the Coupon Determination Period and therefore if the Digital Amounts, if applicable, and/or of the Early Redemption Amounts, if applicable, payable during the life of the Certificates will be determined on the basis of the Coupon Premium 1 or on the basis of the Coupon Premium 2. If such date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day;

**Cumulated Performance** means, in relation to the Multiperformance Long/Short Certificates, the Multiperformance Max Long/Short Certificates, the sum of the performances of each Underlying calculated as follows:

$$\sum_{i=1}^n \left( \frac{\text{Final Reference Value}_i}{\text{Initial Reference Value}_i} - 1 \right)$$

Where:

“*Final Reference Value<sub>i</sub>*” means the Final Reference Value of Underlying “*i*”

“*Initial Reference Value<sub>i</sub>*” means the Initial Reference Value of Underlying “*i*”

“*n*” means the number of Underlyings;

**Day Count Fraction** means, in relation to the calculation of Premium Gap Amounts:

- if “**ACT/360**” is specified as applicable, the actual number of days in the relevant Premium Gap Observation Period divided by 360;
- if “**Actual/Actual**” is specified as applicable, the actual number of days in the relevant Premium Gap Observation Period divided by the number of days comprised in the relevant Premium Determination Period;

**Delivery Date** means, in the case of an offer of the Certificates, the date specified from time to time in the relevant Final Terms and on which the Certificates are delivered to the Securityholder against payment of the Issue Price provided that, if such date does not fall on an Exchange Business Day, it shall be postponed to the



next day which is an Exchange Business Day. Delivery shall mean the relevant accounting evidence of such securities in the bank account indicated by the investor in the relevant subscription module;

**Determination Date(s)** means one or more Exchange Business Day(s) on which the Value of the Underlying is registered for the purpose of the calculation of the Initial Reference Value (pursuant to the terms set out in the definition of Initial Reference Value), as specified from time to time in the relevant Final Terms in relation to each Series and which is an Exchange Business Day for the relevant Underlying.

If a Determination Date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day. In the case of a Basket, or in the case of Best Of Feature and Worst Of Feature, if the Determination Date does not fall on an Exchange Business Day for one or more Basket Constituent(s) or for one or more Underlying(s), the Determination Date will be (i) the immediately following Exchange Business Day which shall be an Exchange Business Day for all the Basket Constituents or for all the Underlyings or (ii) (a) for each Basket Constituents or for each Underlyings in relation to which the Determination Date is not an Exchange Business Day, the immediately following Exchange Business Day and (b) for all the Basket Constituents or for all the Underlyings in relation to which the Determination Date is an Exchange Business Day, the Determination Date originally scheduled;

**Determination Method** means the "Single Level Option", the "Multiple Level Option", the "Range Level Option" or the "Cliquet Feature" pursuant to Condition 23 (*Pay-out provisions*);

**Digital Amount(s)** means, in relation to one or more Digital Valuation Period(s), the amount(s) in the Settlement Currency to be paid to the Securityholder on the Digital Payment Date per each Minimum Exercise Amount pursuant to Condition 23 (*Pay-out provisions*).

If the Multiple Level Option is applicable, the relevant Final Terms will specify the Digital Amount 1 and the Digital Amount 2, and may specify the Digital Amount 3, which will be respectively linked to the Digital Level 1, the Digital Level 2 and the Digital Level 3. On the Digital Valuation Period, the holders of the Securities will be entitled to receive the Digital Amount relating to the higher Digital Level reached by the Reference Value of the Underlying;

**Digital Combo Feature** means, in relation to Certificates linked to a Basket or to more Underlyings that are not a Basket, the calculation method, if provided by the Issuer in the relevant Final Terms, pursuant to which the Calculation Agent, for the purpose of the calculation of the Digital Amount, will determine the occurrence of the Digital Event (and eventually will determine the Consolidation Level, the Memory Level, the Knock-out Level and the Knock-in Level) in relation to each Basket Constituent or each Underlying. The amount of the Digital Amount will therefore depend on the number of Basket Constituents or on the number of Underlyings in relation to which the Digital Event has occurred;

**Digital Event** means the event occurring when the Calculation Agent determines that, in a Digital Valuation Period indicated by the Issuer, the Reference Value of the relevant Underlying (or the Spread in the case of Spread Certificates, or the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than one or more Digital Levels and/or has never been equal to, higher than or lower than one or more Digital Levels, as specified in the relevant Final Terms from time to time.

In that case, the Securityholders are entitled to receive the payment of the relevant Digital Amount. The Digital Event will be promptly notified to the Securityholders pursuant to Condition 9 (*Notices*);

**Digital Level** means one or more value(s) specified in the applicable Final Terms that determines the occurrence of the Digital Event.

The Digital Level is represented by a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value.

The Digital Level is determined by the Calculation Agent pursuant to the relevant Final Terms. The Digital Level may be the identical for all the Digital Valuation Periods or increasing, decreasing or variable in relation to each applicable Digital Valuation Period, according to the specific Determination Method specified in the applicable Final Terms. If there are more Digital Levels, the Issuer will indicate in the relevant Final Terms: (i) the First Digital Level, the Second Digital Level and so on, in relation to the relevant Digital Valuation Period, or alternatively (ii) the Digital Level 1, the Digital Level 2, and, if applicable, the Digital Level 3 in relation to the same Digital Valuation Period;

**Digital Payment Date(s)** means one or more Business Day(s) on which the Issuer shall pay the Digital Amount to the Securityholders provided that, if such date does not fall on a Business Day, it shall be postponed to the next day which is an Exchange Business Day.

The Digital Payment Date falls no later than 10(ten) Business Days following the last Exchange Business Day of the Digital Valuation Period on which the Calculation Agent has determined the occurrence of a Digital Event;

**Digital Valuation Period** means the period (composed of one or more Exchange Business Day(s), as indicated in the Final Terms, provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines the occurrence of a Digital Event. In the event of more Digital Valuation Periods, the relevant Final Terms will indicate the **First Digital Valuation Period**, the **Second Digital Valuation Period**, and so on.

The applicable Final Terms may provide for different Underlyings in relation to each Digital Valuation Period.

The above applies provided that in the opinion of the Calculation Agent a Market Disruption Event in a Digital Valuation Period has not occurred. In the this case, the Exchange Business Day of the Digital Valuation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Digital Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Discount Price** means, if applicable pursuant to the relevant Final Terms, the price that will be used in order to determine the initial trading price of the Securities. Such initial trading price may be different from the Discount Price.

The Discount Price will be lower than the Issue Price;

**Disrupted Day** means any Exchange Business Day on which a Market Disruption Event has occurred;

**Down Participation Factor** means the percentage indicated in the Final Terms of each Series;

**Down Range Accumulating Level** means, in relation to the Accumulating Event, the value specified from time to time in the relevant Final Terms. The Down Range Accumulating Level is represented by a percentage of the Initial Reference Value of an Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value;

**Down Range Digital Level** means, in relation to Range Level Option, the value specified from time to time in the relevant Final Terms. The Down Range Digital Level is represented by a percentage of the Initial Reference Value of an Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value. If there are more Underlyings, the applicable Final Terms will specify the relevant Down Range Digital Level for each Underlying;

**Dropdown Protection Level** means, in relation to Lucky Protection Certificates, the value specified from time to time in the relevant Final Terms. The Dropdown Protection Level is represented by a percentage of the Initial Reference Value of an Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value;

**Dynamic Protection Level** means, in relation to Dynamic Protection Certificates, the value specified from time to time in the relevant Final Terms. The Dynamic Protection Level is represented by a percentage of the Initial Reference Value of an Underlying or by a predetermined value;

**Dual Currency** means, in relation to Dual Currency FX Certificates, the currency specified in the applicable Final Terms;

**Early Payment Date** means the Business Day on which the Issuer shall pay the Early Redemption Amount to the Securityholders provided that, if such date does not fall on a Business Day, it shall be postponed to the next day which is a Business Day.

The Early Payment Date falls no later than ten Business Days following either (i) the last Exchange Business Day of the Early Redemption Valuation Period, or (ii) the Exchange Business Day on which the Early Redemption Event occurred, as specified in the relevant Final Terms;

**Early Redemption Amount** means the amount specified from time to time in the relevant Final Terms and paid to the Securityholder for each Minimum Exercise Amount on the relevant Early Payment Date if an Early Redemption Event occurred;

**Early Redemption Event** means, if applicable pursuant to the relevant Final Terms, the event which occurs when the Calculation Agent determines that in the relevant Early Redemption Valuation Period the Reference Value of one or more Underlying(s), and/or the Spread in the case of Spread Certificates and/or the Cumulated Performance in the case of Multiperformance Certificates, as specified in the applicable Final Terms:

- (i) is equal to, higher than or lower than the relevant Early Redemption Level; and/or
- (ii) it has been, at least once during the relevant Early Redemption Valuation Period, equal to, higher than or lower than the relevant Early Redemption Level; and/or
- (iii) it has never been equal to, higher than or lower than the relevant Early Redemption Level during the relevant Early Redemption Valuation Period,

as specified from time to time in the relevant Final Terms.

In addition, if the applicable Final Terms provide for one or more Accumulating Autocallable Trigger, an Early Redemption Event may occur if, on the Accumulated Valuation Date, the Calculation Agent determines that the relevant Accumulated Amount payable to the investors is lower than, equal to or higher than, as specified in the applicable Final Terms, the relevant Accumulating Autocallable Trigger.

If the Best Of Feature or the Worst Of Feature applies in relation to one or more Early redemption Valuation Period, the Issuer will specify in the relevant Final Terms the occurrence of the Early Redemption Event in relation to one or more Underlying and the Final Terms will specify the Early Redemption Level for each Underlying. In particular, for the purposes of determining the occurrence of an Early Redemption Event, the Final Terms will specify the number of Underlyings that have to be equal to, higher than or lower than the Early Redemption Level. For example, if the Final Terms specify that the Early Redemption Event occurs if the Underlying is lower than the Early Redemption Level, in case of Second Worst Of, the Early Redemption Event occurs if e.g. among four Underlyings at least two Underlyings are lower than the Early Redemption Level. Otherwise, in case of Second Best Of, the Early Redemption Event occurs if e.g. among four Underlyings all but one Underlyings are lower than the Early Redemption Level and only one Underlying is higher than or equal to the Early Redemption Level.

In addition, an Early Redemption Event may also occur in connection with any Certificate pursuant to Condition 6 (*Hedging Disruption*).

In any case, upon the occurrence of an Early Redemption Event, the Securityholders are entitled to receive the payment of the Early Redemption Amount and the Certificates are deemed to be early redeemed on the hour, minute and second of either (i) the last Exchange Business Day during the Early Redemption Valuation Period on which the Early Redemption Event has occurred, or (ii) if the Intraday Value is applicable, the Exchange Business Day on which the Early Redemption Event occurred. The Securityholders will be notified of the Early Redemption Event pursuant to Condition 9 (*Notices*);

**Early Redemption Level** means, if applicable under the relevant Final Terms, for each Underlying, the value (or the values) determined as a percentage of the Initial Reference Value of an Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value.

If the Best Of Feature or the Worst Of Feature applies in relation to one or more Early Redemption Valuation Period, the Issuer will specify in the relevant Final Terms the occurrence of the Early Redemption Event in relation to one or more Underlying and the Final Terms will specify the Early Redemption Level for each Underlying. In particular, for the purposes of determining the occurrence of an Early Redemption Event, the Final Terms will specify the number of Underlyings that have to be equal to, higher than or lower than the Early Redemption Level. For example, if the Final Terms specify that the Early Redemption Event occurs if the Underlying is lower than the Early Redemption Level, in case of Second Worst Of, the Early Redemption Event occurs if e.g. among four Underlyings at least two Underlyings are lower than the Early Redemption Level. Otherwise, in case of Second Best Of, the Early Redemption Event occurs if e.g. among four Underlyings all but one Underlyings are lower than the Early Redemption Level and only one Underlying is higher than or equal to the Early Redemption Level;

**Early Redemption Valuation Period** means the period (or the periods) composed of one or more Exchange Business Day(s) (provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day), as specified in the relevant Final Terms, on which the Calculation Agent determines whether an Early Redemption Event has occurred.

If the applicable Final Terms provide for one or more Accumulating Autocallable Trigger, the occurrence of an Early Redemption Event will be determined by the Calculation Agent on the relevant Accumulated Valuation Date specified in the applicable Final Terms (i.e. the Early Redemption Valuation Period will coincide with the Accumulated Valuation Date).

If there are more Early Redemption Valuation Periods, the relevant Final Terms will specify the **First Early Redemption Valuation Period**, the **Second Early Redemption Valuation Period** and so on.

The above applies provided that, in the opinion of the Calculation Agent, a Market Disruption Event has not occurred on an Exchange Business Day in the Early Redemption Valuation Period. In such case, the Exchange Business Day of the Early Redemption Valuation Period is postponed to the immediately following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Early Redemption Valuation Period shall not be postponed beyond the eighth Exchange Business Day after the Exercise Date;

**Electronic Page** means, in respect of an Underlying or a Basket Constituent, the electronic page or source specified for such Underlying or Basket Constituent in the applicable Final Terms, or either (i) any successor electronic page or source or information vendor or provider that has been designated by the sponsor of the original electronic page or source; or (ii) if such sponsor has not officially designated a successor electronic page or source or information vendor or provider, the successor electronic page or source or information vendor or provider designated by the relevant information vendor or provider (if different from such sponsor) or any alternative electronic page or source designated by the Calculation Agent, provided that, if, in the case of (i) and (ii), the Calculation Agent determines that it is not necessary or appropriate for the Electronic Page to be any such successor electronic page or source or information vendor or provider, then the Electronic Page may be either the originally designated electronic page or source or such other electronic page or source as selected by

the Calculation Agent. Where more than one Electronic Page is specified in respect of an Underlying or a Basket Constituent, then the provisions of the preceding sentence shall be construed accordingly and (i) if there is any discrepancy between any relevant price or level displayed on the relevant Electronic Pages for any Exchange Business Day, the relevant price or level selected by the Calculation Agent shall be used for such Exchange Business Day; and (ii) if any relevant price or level is not published on all of such Electronic Pages but is published on one or more of such Electronic Pages, the Calculation Agent shall use such published price or level for the purpose of determining any calculation or determination in respect of the Certificates and no Market Disruption Event shall be deemed to have occurred in respect of the failure to publish on the other Electronic Page(s);

**Entitlement** means, in relation to a Physical Delivery Security, the quantity of the Relevant Assets or the Relevant Assets, as the case may be, which a Securityholder is entitled to receive on the Settlement Date in respect of each such Security following payment of any sums payable, including the Premium (in the case of a Warrant) and Expenses rounded down as provided in Condition 18(C) or 21(D), as determined by the Calculation Agent including any documents evidencing such Entitlement;

**EONIA Rate** (euro overnight index average) means the rate which is a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks;

**EURIBOR** means the Euro-zone inter-bank offered rate;

**Exchange** means, in relation to the Underlying, each reference exchange or quotation system, on which the Underlying or related components are principally listed and traded, as specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Underlying has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities or commodities comprising such Underlying on such temporary substitute exchange or quotation system as on the original Exchange);

**Exchange Business Day** means, in relation to:

(A) *Share Securities, Commodity Securities, Exchange Rate Securities:*

any day (i) which is considered an exchange business day by the Reference Source provided that on that day such Reference Source is open for trading, except for the days on which trading sessions close earlier than the regular closing hours and (ii) on which the Reference Source is open for trading during the regular trading hours;

(B) *Index Securities:*

the day on which (i) the Index Sponsor determines and publishes the Index level and (ii) the Reference Source is open for trading during the regular trading hours;

(C) *Futures Contract Securities:*

any day on which the Futures Contract is regularly listed on the Reference Source. If on such a day a Market Disruption Event occurs, such day will not be considered as Exchange Business Day;

(D) *Fund Securities:*

(i) in the case of unlisted Funds: any day on which the Net Asset Value of each Fund is (or would have been if a Market Disruption Event had not occurred) determined and/or published by the Management Company or the Fund Manager; and

- (ii) in the case of listed Funds: any day on which the price relating to each Fund is (or would have been if a Market Disruption Event had not occurred) regularly determined and published by the relevant Reference Source;

(E) *Interest Rate Securities*:

any day on which the Interest Rate is determined and/or published by the relevant Calculation Entity;  
and

(F) *if the Underlyings are Baskets*:

the day which is an Exchange Business Day for all the relevant Basket Constituents;

**Exchange Rate** means, in relation to Non Quanto Securities, on any day and for each Series, with reference to the Underlying, the exchange rate on a given date between the Underlying Reference Currency and the Settlement Currency (expressed as a number of units or portion of the Underlying Reference Currency necessary to purchase a unit in the Settlement Currency), determined by the Calculation Agent for the purpose of the determination of the amounts due under the Securities. The Calculation Agent will determine the Exchange Rate by making reference to the exchange rate (fixing) between the Underlying Reference Currency and the Settlement Currency determined by the information source specified in the applicable Final Terms or, if the exchange rate is not published or announced at the relevant time on such information source, either (i) the successor or alternative information source or (ii) the determination method to be carried out by the Calculation Agent in its sole and absolute discretion, in each case as specified in the applicable Final Terms;

**Exchange Rate Weights** means in relation to Currency Certificates the weight for each exchange rate Underlying expressed as a percentage, as specified in the applicable Final Terms;

**Exercise Business Day** means, in respect of Warrants:

- (a) in the case of Cash Settled Securities, a day that is a Business Day;
- (b) in the case of Physical Delivery Securities, a day that is a Business Day and an Exchange Business Day.

**Exercise Date** means, in respect of each Series, the Exchange Business Day on which the Securities are exercised, as specified in the Final Terms, or if such day is not a Business Day, the immediately following Exchange Business Day which is also a Business Day. In the case of Physical Delivery Securities, the Exercise Date will be a day which is both a Business Day and an Exchange Business Day;

**Extra Consolidation Digital Amount** means, in relation to one or more Extra Consolidation Digital Valuation Period(s), the amount(s) in the Settlement Currency to be paid to the Securityholders on the relevant Digital Payment Date (or other dates specified by the Issuer for each Series in the relevant Final Terms) per each Minimum Exercise Amount, if an Extra Consolidation Digital Event has occurred;

**Extra Consolidation Digital Event** means, in relation to an Extra Consolidation Digital Valuation Period, if applicable pursuant to the relevant Final Terms, the event occurring if:

- (a) prior to the relevant Extra Consolidation Digital Valuation Period, a Consolidation Event has occurred and
- (b) the Calculation Agent determines that in the relevant Extra Consolidation Digital Valuation Period, the Reference Value of the Underlying (or the Spread in the case of Spread Certificates, or the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than the relevant Extra Consolidation Digital Level as indicated in the relevant Final Terms.

In that case the Securityholders are entitled to receive the payment of the relevant Extra Consolidation Digital Amount specified in the relevant Final Terms in connection to such Extra Consolidation Digital Valuation Period.

The Extra Consolidation Digital Event will be promptly notified to the Securityholders pursuant to Condition 9 (*Notices*);

**Extra Consolidation Digital Feature** means, if specified as applicable in the relevant Final Terms and only in case the Consolidation Effect is specified as applicable, the feature pursuant to which the Extra Consolidation Digital Amount potentially payable in case of Extra Consolidation Digital Event, after the occurrence of a Consolidation Event, will be eventually due and payable to the Securityholders;

**Extra Consolidation Digital Level** means one or more value(s) determined from time to time in the relevant Final Terms in relation to the relevant Extra Consolidation Digital Valuation Period(s).

The Extra Consolidation Digital Level is represented by a percentage of the Initial Reference Value of an Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value.

If there are Extra Consolidation Digital Levels, the Issuer will indicate in the relevant Final Terms, in relation to the relevant Extra Consolidation Digital Valuation Period, the **First Extra Consolidation Digital Level**, the **Second Extra Consolidation Digital Level** and so on;

**Extra Consolidation Digital Valuation Period(s)** means the period(s) (composed as indicated in the Final Terms provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines the occurrence of an Extra Consolidation Digital Event. In the event of more Extra Consolidation Digital Valuation Periods, the relevant Final Terms will indicate the **First Extra Consolidation Digital Valuation Period**, the **Second Extra Consolidation Digital Valuation Period**, and so on;

**Final Gearing** means, in relation to Dynamic Protection Certificates, the percentage equal to the Gearing multiplied by the number of Gearing Events occurred during the life of the Certificates;

**Final Leverage** means, in relation to Lucky Protection Certificates, the value determined according to one of the following formulas:

- (i) In case of Long Lucky Protection Certificates:

$$\text{Final Leverage} = \text{Initial Leverage} - (\text{Adjust Factor} \times \text{Negative Performance})$$

- (ii) In case of Short Lucky Protection Certificates:

$$\text{Final Leverage} = \text{Initial Leverage} - (\text{Adjust Factor} \times \text{Positive Performance})$$

Where

"**Initial Leverage**" means the percentage specified in the applicable Final Terms

"**Adjust Factor**" means a percentage specified in the applicable Final Terms,

"**Negative Performance**" means the performance of the Underlying, determined according to the following formula and always represented by a positive value:

$$\text{Max}[0; 1 - (\text{Final Reference Value} / \text{Initial Reference Value})]$$

"Positive Performance" means the performance of the Underlying, determined according to the following formula:

$$\text{Max}[0; (\text{Final Reference Value} / \text{Initial Reference Value}) - 1]$$

**Final Reference Value** means the Value of the Underlying calculated by the Calculation Agent pursuant to the following, in accordance with the relevant Final Terms:

**If the Underlying is one or more financial asset(s) (and not a Basket):**

- (A) the Value of the single Underlying on the Valuation Date as determined by the Calculation Agent, without considering possible changes published at a later stage in relation to the Value of Underlying; or
- (B) the arithmetic mean of the Value of the single Underlying on the Valuation Dates, ascertained by the Calculation Agent on the last Valuation Date set out in the relevant Final Terms, and determined pursuant to the following formula:

$$FRV = \frac{1}{x} \times \sum_{j=1}^x \text{Underlying}_j$$

Where

"FRV" is the Final Reference Value of the Underlying,

"x" is the number of Valuation Dates specified as such in the relevant Final Terms,

"Underlying<sub>j</sub>" is the Value of the Underlying as calculated on the Valuation Date

"j", as specified in the Final Terms;

- (C) the maximum or minimum Value (as specified in the Final Terms) recorded in relation to the single Underlying during one or more Final Reference Value Determination Period(s) ascertained by the Calculation Agent on the Valuation Date, as specified in the Final Terms; or
- (D) in case of Exchange Rate Securities and if so specified in the relevant Final Terms, the amount equal to the quotient of (a) 1 (as numerator) and (b) the Value calculated pursuant to (A), (B) or (C) above (as denominator);

**If the Underlying is a Basket:**

- (A) the Basket Value on the Valuation Date, as ascertained by the Calculation Agent and without considering possible changes published at a later stage in relation to the Basket Value; or
- (B) the arithmetic mean of the Basket Values on the Valuation Dates as ascertained by the Calculation Agent and without considering possible changes published at a later stage in relation to the Basket Value, and determined pursuant to the following formula:

$$FRV = \frac{1}{x} \times \sum_{j=1}^x \text{Basket}_j$$

Where

"FRV" is the Final Reference Value of the Basket,



" $X$ " is the number of Valuation Dates specified as such in the relevant Final Terms,

"**Basket<sub>j</sub>**" is the Basket Value calculated on the Valuation Date " $J$ ", as specified in the Final Terms; or

- (C) the maximum or minimum Basket Value (as specified in the Final Terms) recorded in relation to the Basket during one or more Final Reference Value Determination Period(s), ascertained by the Calculation Agent on the Valuation Date, as set out in the relevant Final Terms;

**Final Reference Value Determination Period(s)** means, if specified in the relevant Final Terms, one or more period(s) each composed of one or more Exchange Business Day(s) as specified in the relevant Final Terms. If one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day;

**Floor Percentage** means the percentage specified from time to time in the relevant Final Terms. The Floor Percentage will always be equal to or higher than 0 per cent.;

**Fund** means, in respect of each Series, the fund specified in the relevant Final Terms as Underlying. The Fund may be either unlisted or listed (e.g. Exchange Traded Funds - ETF);

**Fund Manager** means the Management Company (as defined below), the director, the manager or other entity which is responsible for publishing the Net Asset Value on behalf of the Management Company, as specified in the applicable Final Terms;

**Futures Contract** means, in respect of each Series, either as single or as a Basket Constituent, the future contract specified as Underlying in the relevant Final Terms. In the case of Certificates on Futures Contract, the lifetime of such instruments will reflect the lifetime of the related underlying futures. However, if the feature Futures Contract First Near-by is specified as applicable in the relevant Final Terms, the Issuer will be entitled to determine the Initial Reference Value on the basis of a Futures Contract First Near-by. In such case, the Applicable Final Terms will specify the relevant Rollover Date;

**Futures Contract First Near-by** means, when the Underlying is represented by a Futures Contract, the futures contract that has (i) the same features of the Futures Contract indicated as Underlying, and (ii) has an expiration date which is the closest to the Determination Date;

**Gap Daily Performance** means, in the case of Gap Certificates, the daily performance of the relevant Underlying as determined by the Calculation Agent on each day of the Barrier Gap Observation Period, as follows:

$$\text{Gap Daily Performance}(t) = \frac{\text{VR}(t)}{\text{VR}(t-1)} - 1$$

Where:

"**VR(t)**" means the Reference Value determined on the Exchange Business Day "t"

"**VR(t-1)**" means the Reference Value determined on the Exchange Business Day "t-1".

**Gearing** means, in relation to Dynamic Protection Certificates, the percentage specified in the applicable Final Terms;

**Gearing Event** means the event occurring when the Reference Value of the Underlying is lower than, equal to or higher than (as indicated in relevant Final Terms) the relevant Gearing Level(s);

**Gearing Level** means, in relation to Dynamic Protection Certificates, one or more values specified in the applicable Final Terms as a percentage of the Initial Reference Value of an Underlying or by a predetermined value;

**Global Performance** means, in relation to the Global Performance Certificates, the sum or the average/mean, as specified in the relevant Final Terms, of the performances of the relevant Underlying as determined, in respect of any Performance Observation Date, by the Calculation Agent as follows:

$$\sum_{t=1}^n \text{Max} [\text{Local Floor Percentage}_t; \left( \frac{RV_t - (RV_{t-1} \times \text{Global Strike Percentage}_t)}{RV_{t-1}} \right) \times \text{Participation Factor}_t]$$

Or, if the relevant Final Terms provide a Cap Level:

$$\sum_{t=1}^n \text{Min} \left\{ \text{CAP}_t; \text{Max} [\text{Local Floor Percentage}_t; \left( \frac{RV_t - (RV_{t-1} \times \text{Global Strike Percentage}_t)}{RV_{t-1}} \right) \times \text{Participation Factor}_t] \right\}$$

where:

"n" means the number of the Performance Observation Dates,

"RV<sub>t</sub>" means the Reference Value calculated on the Performance Observation Date "t",

"Participation Factor" means the Participation Factor corresponding to the relevant Participation Observation Date "t" as specified in the applicable Final Terms;

"Global Strike Percentage" means a percentage specified in the applicable Final Terms, and

"Local Floor Percentage" means a percentage specified in the applicable Final Terms;

**GDR** means a Global Depositary Receipt which will be specified as the underlying asset or a Basket Constituent, from time to time in the relevant Final Terms.

Save where specifically provided under the Final Terms, all references in the Conditions or, as applicable, to the "Shares" shall be deemed to be to the GDRs or ADRs, as applicable, and/or the Underlying Shares, references to the issuer of the Share, as applicable, shall be deemed to be to the issuer of the GDRs or ADRs, as the case may be, and the issuer of the Underlying Shares, and references to the "Exchange" shall be deemed to be to the exchange or quotation system on which the GDRs or ADRs, as the case may be, are listed and the exchange or quotation system on which the Underlying Shares are listed, and with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable provided that any such amendment is not materially prejudicial to the holders of Securities;

**In-The-Money** means;

- (a) in the case of a Warrant which is a Cash Settled Security (a "**Cash Settled Warrant**"), the Cash Settlement Amount in respect of such Warrant is greater than zero; and
- (b) in the case of a Warrant which is a Physical Delivery Security (a "**Physical Delivery Warrant**"), the value of the Entitlement on the Actual Exercise Date for such Warrant is greater than the Premium as determined by the Calculation Agent;

**Index** means, either as single or as a Basket Constituent, the Italian or foreign indices constituting the Underlying from time to time and as specified in the relevant Final Terms;

**Index Sponsor** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Exchange Business Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**Initial Gearing** means, in relation to Dynamic Protection Certificates, the percentage specified in the relevant Final Terms;

**Initial Percentage** means the percentage indicated in the relevant Final Terms;

**Initial Reference Value** means, as specified in the relevant Final Terms:

- I. the predetermined value indicated in the Final Terms; or
- II. without prejudice to the adjustments set out in the Terms and Conditions, the value calculated by the Calculation Agent pursuant to the following:

**If the Underlying is one or more financial asset(s) (and not a Basket):**

- (A) the Value of the single Underlying, on the Determination Date calculated and determined by the Calculation Agent, as specified in the Final Terms, without considering possible changes published at a later stage in relation to the Value of the Underlying;
- (B) the arithmetic mean (or a percentage of such arithmetic mean) of the Value of the single Underlying on the Determination Dates, ascertained by the Calculation Agent on the last Determination Date set out in the relevant Final Terms, and determined pursuant to the following formula:

$$IRV = \frac{1}{x} \times \sum_{t=1}^x Underlying_t$$

Where

"**IRV**" is the Initial Reference Value of the Underlying,

"*x*" is the number of Determination Dates specified as such in the Final Terms,

"***Underlying<sub>t</sub>***" is the Value of the Underlying calculated on the Determination Date "*t*", as specified in the Final Terms;

- (C) the minimum or maximum Value (as specified in the Final Terms) recorded in relation to the single Underlying during one or more Initial Reference Value Determination Period(s) ascertained by the Calculation Agent on the Determination Date(s), as specified in the Final Terms;
- (D) in case of Exchange Rate Securities and if so specified in the relevant Final Terms, the amount equal to the quotient of (a) 1 (as numerator) and (b) the Value calculated pursuant to (A), (B), (C) or (D) above (as denominator);
- (E) when the Underlying is represented by a Futures Contract and if the feature Futures Contract First Near-by is specified as applicable in the relevant Final Terms, the Reference Value of the Futures Contract First Near-by with the expiry date which immediately follows the

Determination Date. In this case the relevant Final Terms will indicate the relevant Rollover Date.

**If the Underlying is a Basket:**

- (A) the Basket Value on the Determination Date, as ascertained by the Calculation Agent and without considering possible changes published at a later stage in relation to the Basket Value. If so specified in the applicable Final Terms, the Basket Value on the Determination Date may be equal to 1;
- (B) the arithmetic mean of the Basket Values on the Determination Dates as ascertained by the Calculation Agent, and without considering possible changes published at a later stage in relation to the Basket Value, and determined pursuant to the following formula:

$$IRV = \frac{1}{x} \sum_{t=1}^n Basket_t$$

Where

"IRV" is the Initial Reference Value of the Basket,

"x" is the number of Determination Dates specified as such in the relevant Final Terms,

"Basket<sub>t</sub>" is the Basket Value as calculated on the Determination Date "t"; or

- (C) the amount corresponding to the minimum or maximum Basket Value (as specified in the Final Terms) recorded in relation to the Basket during one or more Initial Reference Value Observation Period(s), ascertained by the Calculation Agent (pursuant to the terms specified in the foregoing definition of "Basket Value") on the Determination Date, as set out in the relevant Final Terms;

**Initial Reference Value Determination Period(s)** means, if specified in the relevant Final Terms, one or more period(s) each composed of one or more Exchange Business Day(s) as specified in the relevant Final Terms. If one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day;

**Interest Determination Date** means, in relation to the Premium Gap Amount, the date specified as such in the applicable Final Terms;

**Interest Rate** means, either as single or as a Basket Constituent, the interest rate, including EURIBOR, LIBOR, CMS Rate and the EONIA Rate, representing the Underlying from time to time and as specified in the relevant Final Terms;

**Internal Return Amount (which can be IRA Compound or IRA Simple)** means the amount linked to the performance of the Underlying as indicated in the relevant Final Terms (if applicable);

**Internal Return Amount (IRA) Cap** means the percentage indicated in the relevant Final Terms in relation to the Internal Return Amount (if applicable);

**Intraday Value** means, if specified as applicable in the Final Terms and in order to calculate

- (i) the Reference Value of the Underlying or the Basket Value on the Early Redemption Valuation Period and/or a Barrier Event Determination Period and/or a Barrier Gap Observation Period (in the case of Gap Certificates)

and/or Switch Valuation Period, or

(ii) the Performance,

the official level published by the Index Sponsor, the official traded price, quoted on the relevant Reference Source, the Exchange Rate value quoted on the relevant over-the-counter or quotation-based market indicated in the relevant Final Terms, the official Interest Rate value, the Net Asset Value of such Underlying or Basket Constituent (without limitation, as the case may be and as specified in the applicable Final Terms) continuously observed on such day by the Calculation Agent on the applicable Electronic Page, subject as provided in Condition 15(2) (*Adjustment Events relating to the Underlying and correction provisions in relation to the Securities*);

**Issue Currency** means the currency specified from time to time in the applicable Final Terms;

**Issue Date** means, in relation to each Series, the date of issue of the Securities. Such a date is specified from time to time in the relevant Final Terms;

**Issue Price** means the price of issue of the Certificates;

**Issuer** means Banca IMI S.p.A. with registered office Largo Mattioli No. 3 -20121 Milan;

**Italian Index** means an index regulated by Borsa Italiana S.p.A. and by entities which have entered into a specific agreement with Borsa Italiana S.p.A.;

**Italian Listed Securities** means Securities in respect of which the applicable Final Terms state that an application will be made to list and admit such Securities to trading on the Italian Stock Exchange and the expression **Italian Listed Warrants** and **Italian Listed Certificates** shall be construed accordingly;

**Italian Stock Exchange** means the electronic "Securitized Derivatives Market" (the "**SeDeX**"), organised and managed by Borsa Italiana S.p.A.;

**Knock-in Event** means the event occurring when the Calculation Agent determines that, in a Knock-in Valuation Period indicated by the Issuer, the value of the Underlying asset or the Spread, or the Cumulated Performance, as the case may be, is lower than, equal to or higher (as indicated in relevant Final Terms) than the relevant Knock-in Level;

**Knock-in Feature** means, if specified as applicable in the relevant Final Terms and in respect of the calculation of any Remuneration Amount, the feature pursuant to which the relevant Remuneration Amount becomes payable to the Securityholders after the occurrence of a Knock-in Event. In particular, if Knock-in Event occurs during a Knock-in Valuation Period, the investor will benefit from the payment of the relevant Remuneration Amount during either the valuation period on which the Knock-in Event has occurred and/or the valuation period(s) following the Knock-in Valuation Period in which the Knock-in Event has occurred, as specified in the Final Terms;

**Knock-in Level** means the value determined from time to time, in relation to each Knock-in Valuation Period, in the relevant Final Terms. For the purposes of the above Knock-in Event, the Knock-in Level is determined by the Calculation Agent pursuant to the relevant Final Terms;

**Knock-in Valuation Period** means, in relation to the Knock-in Level, the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms, provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the Knock-in Event has occurred. In the event of more Knock-in Valuation Periods, the relevant Final Terms will indicate the **First Knock-in Valuation Period**, the **Second Knock-in Valuation Period**, and so on.

The above applies provided that, in the opinion of the Calculation Agent, a Market Disruption Event in a Knock-in Valuation Period has not occurred. In this case, the Exchange Business Day of the Knock-in Valuation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Knock-in Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Knock-out Event** means the event occurring when the Calculation Agent Determines that, in a Knock-out Valuation Period indicated by the Issuer, the value of the Underlying asset or the Spread, or the Cumulated Performance, as the case may be, is lower than, equal to or higher (as indicated in relevant Final Terms) than the relevant Knock-out Level;

**Knock-out Feature** means, if specified as applicable in the relevant Final Terms and in respect of the calculation of any Remuneration Amount, the feature pursuant to which the Remuneration Amount potentially payable after the occurrence of a Knock-out Event will cease to be due and payable to the Securityholders. In particular, if Knock-out Event occurs during a Knock-out Valuation Period, the investor will not benefit from the payment of the relevant Remuneration Amount during either the valuation period on which the Knock-out Event has occurred and/or the valuation period(s) following the Knock-out Valuation Period in which the Knock-out Event has occurred, as specified in the Final Terms;

**Knock-out Level** means the value determined from time to time, in relation to each Knock-out Valuation Period, in the relevant Final Terms. For the purposes of the above Knock-out Event, the Knock-out Level is determined by the Calculation Agent pursuant to the relevant Final Terms;

**Knock-out Valuation Period** means, in relation to the Knock-out Level, the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms, provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the Knock-out Event has occurred. In the event of more Knock-out Valuation Periods, the relevant Final Terms will indicate the **First Knock-out Valuation Period**, the **Second Knock-out Valuation Period**, and so on.

The above applies provided that, in the opinion of the Calculation Agent, a Market Disruption Event in a Knock-out Valuation Period has not occurred. In this case, the Exchange Business Day of the Knock-out Valuation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Knock-out Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**LIBOR** means the London inter-bank offered rate;

**Long Strategy** means a financial strategy which gives to the investor the possibility to receive a positive amount in case of increasing performance of the Underlying as indicated in the relevant Final Terms in relation to the relevant Series;

**Management Company** is the entity responsible for the management of the Fund;

**Market Disruption** means any event, pursuant to Condition 15 or Condition 7 of the Annex to the Terms and Conditions of the Securities - Description of Proprietary Indices, that is deemed to be a Market Disruption;

**Market Value** means, in the case of a Market Disruption Event or Adjustment Event that as a consequence of which the Issuer redeems early the Securities, an amount at the market value, as determined by the Calculation Agent acting in good faith pursuant to reasonable market practice and aiming to neutralise the effects which the Market Disruption Event or Adjustment Event cause to the Certificates;

**Margin** means the percentage specified in the relevant Final Terms;

**Maximum Exercise Number** means the maximum number of Warrants that may be exercised by the Securityholder, as specified in the applicable Final Terms.

**Maximum Level** means, in relation to each Series, the value of the Underlying, specified in the Final Terms and determined by the Calculation Agent, upon which the Issuer can opt to not carry out the issue of the Certificates and the relevant offer shall be deemed consequently cancelled pursuant to the Final Terms;

**Memory Effect** means a calculation method of the Digital Amount, if so provided by the Issuer in the relevant Final Terms, according to which, if:

- (i) there are more Digital Valuation Periods; and
- (ii) the Calculation Agent determines that the value of the relevant Underlying (or of the Spread in the case of Spread Certificates or of the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than Memory Level (as indicated in the relevant Final Terms) in a Memory Valuation Period,

the investor will receive the Digital Amount(s) previously unpaid due to the non-occurrence of the Digital Event.

If the Reference Value of the Underlying (or of the Spread in the case of Spread Certificates, or of the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than the Memory Level (as indicated in the relevant Final Terms), the Securityholders will be notified pursuant to Condition 9 (*Notices*);

**Memory Level** means, if the Memory Level is applicable, the value indicated by the Issuer in the Final Terms in addition to the Digital Level.

The Memory Level is represented by a percentage of the Initial Reference Value of an Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value.

In the event that, the Calculation Agent determines that the value of the Underlying is lower than, equal to or higher than a Memory Level (as indicated in the relevant Final Terms) in a Memory Valuation Period, the investor will receive the previously unpaid Digital Amount(s) if a Digital Event has not occurred;

**Memory Valuation Period** means, in relation to the Memory option, the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the value of the Underlying (or of the Spread in the case of Spread Certificates, or of the Cumulated Performance in the case of Multiperformance Certificates) is lower than, equal to or higher than the Memory Level on the basis of the specific Determination Methods of such level indicated in the Final Terms. In the case of several Memory Valuation Periods, the relevant Final Terms will indicate the **First Memory Valuation Period**, the **Second Memory Valuation Period**, and so on.

The above applies provided that in the opinion of the Calculation Agent a Market Disruption Event in a Memory Valuation Period has not occurred. In such case, the Exchange Business Day of the Memory Valuation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of Memory Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Minimum Exercise Amount** means the minimum amount of Certificates and the relevant multiplier which can be exercised and is set out in the relevant Final Terms, in respect of each issue;

**Minimum Exercise Number** means the minimum number of Warrants that may be exercised by the Securityholder, as specified in the applicable Final Terms.

**Minimum Level** means, in the case of Fund Securities, the interest rate swap value as determined on the Determination Date, whose term coincides with the lifetime of the Certificates. The Minimum Level upon which, if reached, the Calculation Agent determines the occurrence of a Market Disruption Event, as specified in the Final Terms and as determined by the Calculation Agent;

**Minimum Trading Amount** means the amount of Certificates specified as such in the relevant Final Terms, in relation to each Series admitted to trading;

**Multiple Level Option** means, if so specified by the Issuer in the relevant Final Terms and if several Digital Levels in relation to the relevant Digital Valuation Period have been provided, the Determination Method of the Digital Level pursuant to which the relevant Final Terms will indicate (i) the value of the "First Digital Level", the "Second Digital Level" and so on, in relation to each Digital Valuation Period; or alternatively (ii) the value of the Digital Level 1, the Digital Level 2 and, if applicable, the Digital Level 3 in relation to the same Digital Valuation Period;

**Multiplier** means the amount of underlying which is related to a single Certificate, which may be determined, as specified in the applicable Final Terms, either as (i) a predetermined value specified in the applicable Final Terms or (ii) as the Issue Price divided by the Initial Reference Value;

**NAV** means the net asset value for each share or unit of the Fund as calculated and published by the Fund Manager;

**Net Profit Feature** means the calculation method, if specified as applicable in the relevant Final Terms, for the calculation of the relevant Participation Remuneration Amount, pursuant to which the Remuneration Sum will be deducted from the relevant Participation Remuneration Amount, provided that the resulting amount cannot be lower than zero;

**Offer Period** means the period indicated by the Issuer for the subscription in relation to the Series, as specified in the Final Terms;

**Open End Feature** means, if specified in the applicable Final Terms, the feature applicable to the Benchmark Certificates pursuant to which the securities have no term and therefore the Exercise Date is not applicable. The Benchmark Open End Certificates can be early redeemed upon exercise of the Call Option by the Issuer or, if applicable, the exercise of the Put Option by the investors pursuant to Condition 21 (*Exercise of Certificates*);

**Participation Combo Feature** means, if specified by the Issuer in the relevant Final Terms, in relation to the calculation of the Participation Remuneration Amounts linked to a Basket, the calculation method pursuant to which the Calculation Agent will determine (i) the arithmetic mean or (ii) the weighted average (as specified in the applicable Final Terms) or (iii) the sum of the Participation Amounts for each single Basket Constituent, as calculated taking into account for each single Basket Constituent the relevant CAP, Floor Percentage, Participation Factor, Strike Remuneration Percentage, as defined in the Final Terms. However, for the purpose of the calculation of the Cash Settlement Amount and the Early Redemption Amount (if applicable), the Calculation Agent will take into account the Initial Reference Value, the Final Reference Value, the Early Redemption Level (if applicable), the Barrier Level (if applicable), the Cap Level (if applicable) and the Protection Level (if applicable) in relation to a Basket. Such calculation method shall not apply to the Spread Certificates and Multiperformance Certificates;

**Participation Factor** means, in relation to the Max Certificates, the Spread Certificates, the Twin Win Certificates, the Global Performance Certificates, the Lucky Protection Certificates and the Dynamic Protection Certificates, the percentage indicated in the Final Terms of each Series;

**Participation Rebate Amount** means, if a Participation Rebate Event has occurred, an amount in the Settlement Currency specified by the Issuer in the relevant Final Terms for each Series;



**Participation Rebate Event** means the event occurring when the Calculation Agent determines that, in a Participation Rebate Valuation Period indicated by the Issuer, the value of the relevant Underlying (or of the Spread in event of Spread Participation Remuneration Amount), is lower than, equal to or higher (as indicated in relevant Final Terms) than the relevant Participation Rebate Level;

**Participation Rebate Feature** means, in relation to the calculation of the Participation Rebate Amount, the feature pursuant to which the Participation Remuneration Amount potentially payable after the occurrence of a Participation Rebate Event will cease to be due and payable to the Securityholders. In particular, if Participation Rebate Event occurs during a Participation Rebate Valuation Period, the investor will receive the specified Participation Rebate Amount on the relevant payment date following the Participation Rebate Valuation Period in which the Participation Rebate Event has occurred;

**Participation Rebate Level** means the value determined from time to time, in relation to each Participation Rebate Valuation Period, in the relevant Final Terms. For the purposes of the above Participation Rebate Event, the Participation Rebate Level is determined by the Calculation Agent pursuant to the relevant Final Terms;

**Participation Rebate Valuation Period** means, in relation to the Participation Rebate Level, the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the Participation Rebate Event has occurred. In the event of more Participation Rebate Valuation Periods, the relevant Final Terms will indicate the First Participation Rebate Valuation Period, the Second Participation Rebate Valuation Period, and so on;

**Participation Remuneration Amount** means the amount linked to the performance of the relevant Underlying as indicated in the relevant Final Terms, which may be "**Long Participation Remuneration Amount**" or "**Short Participation Remuneration Amount**" or "**Spread Participation Remuneration Amount**";

**Participation Valuation Date** means, in relation to the Participation Remuneration Amount, the date(s) (provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines the Reference Value of the Underlying for the purposes of the calculation of the Participation Remuneration Amount;

**Participation Valuation Period** means one or more period(s) (ending on a Participation Valuation Date in respect to which the Participation Remuneration Amount shall be determined ("Participation Valuation Date<sub>i</sub>") and starting from the Participation Valuation Date<sub>j</sub> specified in the relevant Final Terms), during which the performance of the relevant Underlying is determined for the purposes of the calculation of the relevant Participation Remuneration Amount, as specified in the relevant Final Terms in relation to a Participation Valuation Date;

**Path Dependency Effect** means a calculation method of the Digital Amount, described in Condition 23 (*Pay-out provisions*), according to which the Digital Amount may increase in relation to each Digital Valuation Period;

**Path Dependency Amount** means the amount specified in the applicable Final Terms in relation to the Path Dependency Effect;

**Performance Cap** means, in relation to the calculation of the Performance of the Underlying, the value specified in the relevant Final Terms;

**Performance Floor** means, in relation to the calculation of the Performance of the Underlying, the value specified in the relevant Final Terms;

**Performance Observation Date(s)** means, in relation to Buffer Protection Certificates and Global Performance Certificates, the date(s) set out in the relevant Final Terms (provided that, if one or more of these dates do not

fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day), on which the Calculation Agent determines the performance of the relevant Underlying, for the purposes of the calculation of the Performance Sum and the Global Performance as the case may be;

**Performance** means the effective performance of each Underlying or Basket Constituent determined by the Calculation Agent according to one of the following formulas:

(i) on the Valuation Date:

(a) In case of Long Strategy:  $Performance = \frac{FRV}{IRV} - 1$

or

In case of Short Strategy:  $Performance = 1 - \frac{FRV}{IRV}$

or

(b) In case of Long Strategy:  $Performance = P \times \left(\frac{FRV}{IRV} - 1\right)$

or

In case of Short Strategy:  $Performance = P \times \left(1 - \frac{FRV}{IRV}\right)$

Where:

"**FRV**" means the Final Reference Value of the Underlying,

"**IRV**" means the Initial Reference Value of the Underlying; and

"**P**" means the Performance Participation Factor;

(ii) during the life of the Certificates:

(a) In case of Long Strategy:  $Performance = \frac{RV}{IRV} - 1$

In case of Short Strategy:  $Performance = 1 - \frac{RV}{IRV}$

or

(b) In case of Long Strategy:  $Performance = P \times \left(\frac{RV}{IRV} - 1\right)$

In case of Short Strategy:  $Performance = P \times \left(1 - \frac{RV}{IRV}\right)$

Where:

"**RV**" means the Reference Value of the Underlying,

"**IRV**" means the Initial Reference Value of the Underlying; and

"**P**" means the Performance Participation Factor;

In each case, the relevant Final Terms may provide for the application of a Performance Cap and/or a Performance Floor.

In the case of Spread Certificates, the performance of the two Underlyings for the purposes of the calculation of the Spread will be indicated, respectively, as "**Performance of the Underlying A**" and "**Performance of the Underlying B**";

**Performance Participation Factor** means, in relation to the determination of the Performance of the Underlying, the multiplier factor specified in the relevant Final Terms;

**Performance Sum** means, in relation to the Buffer Protection Certificates, the sum of the performances of the relevant Underlying as determined, in respect of any Performance Observation Date, by the Calculation Agent as follows:

(i) In case of Long Strategy:  $\sum_{t=1}^n \left( \frac{RV(t)}{IRV} - 1 \right)$

(ii) In case of Short Strategy:  $\sum_{t=1}^n \left( 1 - \frac{RV(t)}{IRV} \right)$

where:

"**n**" means the number of the Performance Observation Dates,

"**RV<sub>t</sub>**" means the Reference Value calculated on the Performance Observation Date "**t**", and

"**IRV**" means the Initial Reference Value of the Underlying;

**Plus Amount** means, if applicable, the amount(s) indicated in the relevant Final Terms, to be paid to the Securityholder for each Minimum Exercise Amount on the relevant Plus Payment Date;

**Plus Payment Date(s)** means one or more Business Day(s) on which the Issuer shall pay the Plus Amount to the Securityholders provided that, if one or more of these dates do not fall on a Business Day, they shall be postponed to the next day which is a Business Day. If there are more Plus Payment Dates, the relevant Final Terms will specify the **First Plus Payment Date**, the **Second Plus Payment Date** and so on;

**Predetermined Loss Percentage** means, if specified as applicable in addition to the Barrier Level, the percentage indicated in the relevant Final Terms. In any case, such percentage will not be higher than 100% or lower than 0%;

**Premium** means the price of issue of the Warrants specified from time to time in applicable Final Terms as an amount and/or as a percentage of the Notional Amount;

**Premium Determination Method(s)** means, in the case of Gap Certificates, the **Floating Premium**, the **Fixed Premium** and the **Differences in Rates**, pursuant to Condition 23 (Pay-out provisions) and specified by the Issuer in the relevant Final Terms in relation to each Premium Determination Method;

**Premium Determination Period** means, in relation to Gap Certificates and the Premium Gap Amount, each

period specified in the applicable Final Terms during which the relevant Premium Gap Amount is determined;

**Premium Gap Amount(s)** means, in relation to one or more Premium Determination Period(s), the amount(s) in the Settlement Currency to be paid to the Securityholder on the Premium Gap Payment Date per each Minimum Exercise Amount, calculated pursuant to Condition 23 (*Pay-out provisions*);

**Premium Gap Observation Period(s)** means, in relation to Gap Certificates and the Premium Gap Amount:

- a) If a Barrier Gap Event has not occurred, the actual number of days comprised in the relevant Premium Determination Period;
- b) If a Barrier Gap Event has occurred, the actual number of days comprised in the relevant Premium Determination Period from the initial day (included or excluded as specified in the relevant Final Terms) of such Premium Determination Period to the Barrier Gap Event Date (included or excluded as specified in the relevant Final Terms);

**Premium Gap Payment Date(s)** means one or more Business Day(s) on which the Issuer shall pay the Premium Gap Amount to the Securityholders provided that, if one or more of these dates do not fall on a Business Day, they shall be postponed to the next day which is a Business Day.

The Premium Gap Payment Date falls no later than 10(ten) Business Days following the last Exchange Business Day of the relevant Premium Determination Period;

**Premium Margin** means, in the case of Gap Certificates, a value expressed as basis points specified by the Issuer in the applicable Final Terms (the Premium Margin may be equal to zero if the Issuer decides not to apply it for the calculation of the relevant Premium Gap Amount);

**Premium Percentage** means, in the case of Gap Certificates, a percentage specified by the Issuer in the applicable Final Terms;

**Protection Amount** means the amount specified in the relevant Final Terms;

**Protection Level** means the value calculated as a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value, as specified in the relevant Final Terms.

In the case of Best Of Feature or Worst Of Feature, the Issuer will indicate in the relevant Final Terms the Protection Level for each Underlying;

**Protection Percentage** means the percentage specified in the relevant Final Terms;

**Put Exercise Date** means the Exchange Business Day on which the Certificates are exercised by the investors, as specified in the Final Terms, following the Put Option Exercise of the investors. The Put Exercise Date coincides with the Put Valuation Date specified in the Final Terms provided that, if such date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day;

**Put Notice Period** means the date – indicated in the Final Terms – by which the investor shall notify, in accordance with Condition 21 (*Exercise of Certificates*) below, the intention to exercise the Put Option during the relevant Put Exercise Date;

**Put Option** means, if so specified in the relevant Final Terms, the option which can irrevocably exercised by the investors during the Put Notice Period specified in the applicable Final Terms pursuant to Condition 21 (*Exercise of Certificates*) below;

**Put Option Exercise** means the faculty of the investors to exercise the Put Option. The Put Option Exercise is announced to the Issuer pursuant to the Condition 21 (*Exercise of Certificates*) below;

**Put Option Exercise Notice** means the notice to be sent by the Issuer pursuant to Condition 21 (*Exercise of Certificates*) below;

**Put Valuation Date** means if the Put Option is specified as applicable in the relevant Final Terms, one or more Exchange Business Day(s) on which the Calculation Agent determines the Reference Value, provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day. The Put Valuation Date will be specified in the relevant Final Terms from time to time relating to each Series, and will be considered for the purposes of the calculation of the Cash Settlement Amount, provided that, the Put Option has been exercised by the investors and, in the opinion of the Calculation Agent, a Market Disruption Event has not occurred.

If, on a Put Valuation Date, a Market Disruption Event (as defined below) occurs, such Put Valuation Date will be postponed to the following Exchange Business Day on which the Market Disruption Event is no longer in place.

Such Put Valuation Date shall not, in any case, be postponed beyond the eighth Exchange Business Day following the Put Valuation Date;

**Quanto Option** means, if the Final Terms specify a Quanto Option as applicable, that the Underlying Reference Currency is, for the purpose of the payment of the Cash Settlement Amount or Early Redemption Amounts or Remuneration Amounts, in any case conventionally denominated in the Settlement Currency and the exchange rate is not applicable and, therefore, the effects of the exchange rates on the amount paid in relation to the Securities are neutralised;

**Rainbow Feature** means, in relation to the Certificates linked to a Basket, the determination method in relation to the value of that Basket, provided by the Issuer in the relevant Final Terms. Unlike the securities linked to one or more Underlying(s), the Issuer will indicate in the Final Terms: (i) the financial activities which represent the Basket Constituents, (ii) the percentage of the weights within the Basket without any preliminary reference to specific financial activities and (iii) the objective criteria pursuant to which the weight will be allocated by the Calculation Agent (for instance, in a Basket constituted by three financial activities, the Basket would be weighted as follows: 50% for the Basket Constituent with the best performance; 30% for the Basket Constituent with the worst performance; and 20% for a Basket Constituent with the second best performance). For each determination (during the life of the Certificates and at the exercise date), the Calculation Agent will weigh the relevant Basket Constituents on the basis of the Performance registered on such determination date and pursuant to the formula set out in the Final Terms. The allocation of the weights within a Basket may result differently on each determination date and depending on the performance of the Basket Constituents.

Once the Calculation Agent has carried out the weighting of the Basket on the relevant determination date, the Calculation Agent will calculate the total amount of the Basket pursuant to the methods applied on the instruments normally linked to the Basket.

Such feature shall not apply to Spread Certificates and Multiperformance Certificates;

**Range Level Option** means, if so specified by the Issuer in the relevant Final Terms, the Determination Method pursuant to which a Digital Event will occur if, in the relevant Digital Valuation Period, the Reference Value of one or more Underlying(s) will fall within or out of a range between the relevant Up Range Digital Level and the relevant Down Range Digital Level;

**Reference Entity** means, in the case of Gap Certificates, the EURIBOR, LIBOR, CMS Rate and the EONIA Rate, for the calculation of the Premium Gap Amount, specified by the Issuer in the applicable Final Terms;

**Reference Rate** means, in the case of Gap Certificates, the rate (which can be a Reference Entity) for the calculation of the Premium Gap Amount, specified by the Issuer in the applicable Final Terms;

**Reference Source** means, in relation to the Underlying, each information provider, electronic page, exchange or quotation system in which the Underlying values are available, as specified in the applicable Final Terms, any successor to such information provider, electronic pages, exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the contracts relating to such Underlying on such temporary substitute exchange or quotation system as on the original Reference Source);

**Reference Value** means a Value determined by the Calculation Agent during the relevant valuation period, as specified in the relevant Final Terms.

In the case of a Basket, the Reference Value of the Basket will be determined as specified in the previous definition of "Basket Value".

Furthermore, without prejudice to the definitions of the Final Reference Value and Initial Reference Value set out above, in relation to any valuation period during the lifetime of the Certificates, the occurrence of the relevant event may be determined pursuant to the following, as specified from time to time in the relevant Final Terms:

**If the Underlying is one or more financial asset(s) (and not a Basket):**

- (A) the Value of the single Underlying on the relevant valuation period, as determined by the Calculation Agent, and without considering possible changes published at a later stage in relation to the financial asset;
- (B) the arithmetic mean of the Value of the Underlying(s), ascertained by the Calculation Agent on the last Exchange Business Day of such valuation period set out in the relevant Final Terms, and determined pursuant to the following formula:

$$RV = \frac{1}{x} \times \sum_{z=1}^x \text{Underlying}_z$$

Where

"RV" is the Reference Value of the Underlying, and

"x" is the number of the dates of such valuation period, specified as such in the relevant Final Terms,

"*Underlying<sub>z</sub>*", is the Value of the Underlying calculated on the Exchange Business Day "z" of such valuation period;

- (C) the maximum or minimum Value (as specified in the Final Terms) recorded in relation to the single Underlying during one or more valuation period(s) ascertained by the Calculation Agent on the Exchange Business Day, as specified in the Final Terms; or
- (D) in case of Exchange Rate Securities and if so specified in the relevant Final Terms, the amount equal to the quotient of (a) 1 (as numerator) and (b) the amount calculated pursuant to (A), (B) or (C) above (as denominator).

**If the Underlying is a Basket:**

- (A) the Basket Value on the relevant valuation period, as ascertained by the Calculation Agent and without considering possible changes published at a later stage in relation to the Basket Value;
- (B) the arithmetic mean of the Basket Values on the Exchange Business Days of the relevant valuation period as ascertained by the Calculation Agent and without considering possible changes published at a later stage in relation to the Basket Value, determined pursuant to the following formula:

$$RV = \frac{1}{X} \times \sum_{z=1}^X Basket_z$$

Where

"RV" is the value of the Basket,

"X" is the number of the Exchanges Business Dates of the relevant valuation period specified as such in the relevant Final Terms,

"Basket<sub>z</sub>" is the Basket Value as calculated on the Exchange Business Day "z"; or

- (C) the maximum or minimum Basket Value (as specified in the Final Terms) recorded in relation to the Basket during one or more valuation period(s), ascertained by the Calculation Agent on the Exchange Business Day of the relevant valuation period, as set out in the relevant Final Terms;

**Registrar** means BNP Paribas Securities Services, Luxembourg Branch as registrar in respect of any Registered Securities;

**Register** means in the case of Registered Securities, the register kept at the principal office of the Registrar;

**Related Exchange** means, in relation to an Underlying, any regulated or non-regulated market where the options, futures or repo contracts on such Underlying are traded, as determined by the Calculation Agent.

**Relevant Asset** means the assets constituting the Entitlement as specified in the relevant Final Terms in relation to the Physical Delivery Securities;

**Remuneration Amount** means either the Accumulating Amount, the Digital Amount, the Extra Consolidation Digital Amount, the Internal Return Amount, the Participation Rebate Amount, the Participation Remuneration Amount, the Plus Amount, and/or the Premium Gap Amount, as the case may be;

**Remuneration Sum** means, in relation to the Participation Remuneration Amounts, if the Net Profit Feature is specified as applicable in the relevant Final Terms, the sum, in respect of any Valuation Date, of the Remuneration Amounts specified in the relevant Final Terms, if already paid, on the payment dates specified in the relevant Final Terms preceding such Valuation Date;

**Renouncement Notice** means, in respect of Certificates listed on stock exchanges other than the Irish Stock Exchange, the notice to be sent by the investors, prior to the Renouncement Notice Cut-off Time, to renounce any Automatic Exercise of Certificate pursuant to Condition 21 (*Exercise of Certificates*);

**Renouncement Notice Cut-off Time** means, if a Renouncement Notice is applicable in respect of the Certificates, the time limit for sending the Renouncement Notice by the investors pursuant to Condition 21 (*Exercise of Certificates*);

**Restrike Event** means, in relation to the Restrike Feature and if applicable pursuant to the relevant Final Terms, the event which occurs when the Calculation Agent determines that during the Restrike Observation Period(s),

the Reference Value of one or more underlying asset(s), as calculated in accordance with the terms of the relevant Final Terms, is equal to, higher than or lower than the Restrike Level as specified from time to time in the relevant Final Terms. Upon occurrence of a Restrike Event, the Initial Reference Value and all the value and levels dependant from the Initial Reference Value (such as the Barrier Level, the Cap Level, the Multiplier and so forth) will be consequently amended.

**Restrike Feature** means, in relation to Max Long/Short Certificates, if specified as applicable in the relevant Final Terms and as better specified in Condition 23 (*Pay-out provisions*), the calculation method pursuant to which, on the occurrence of a Restrike Event, the Initial Reference Value will be automatically set at a percentage of the Initial Reference Value which is equal to the Restrike Percentage, as indicated from time to time in the relevant Final Terms. All the values and levels dependant from the Initial Reference Value (such as the Barrier Level, the Cap Level, the Multiplier and so forth) will be consequently amended.

**Restrike Level** means, if applicable under the relevant Final Terms, for each Underlying, the value determined as a percentage of the Initial Reference Value as specified in relation to the Restrike Observation Period in the relevant Final Terms from time to time.

**Restrike Observation Period** means the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms, provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the Restrike Event has occurred. In the event of more Digital Valuation Periods, the relevant Final Terms will indicate the **First Restrike Observation Period**, the **Second Restrike Observation Period**, and so on.

The above applies provided that in the opinion of the Calculation Agent a Market Disruption Event in a Restrike Observation Period has not occurred. In the this case, the Exchange Business Day of the Restrike Observation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Restrike Observation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Restrike Percentage** means, in relation to the Restrike Feature, the percentage specified in the relevant Final Terms;

**Rollover Date** means, when the Initial Reference Value is represented by the Initial Reference Value of a Futures Contract First Near-by, the Exchange Business Day specified in the applicable Final Terms (provided that, if such date doesn not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day) on which the Futures Contract First Near-by will be replaced by the Futures Contract indicated as the Underlying of the Securities in the applicable Final Terms, without any adjustment to the price of the Certificate;

**Series** means the Certificates that will be issued, from time to time, pursuant to this Base Prospectus as identified by the relevant ISIN Code;

**Settlement Amount** means either the Cash Settlement Amount (when settlement shall be by way of cash payment) or the Physical Delivery (when settlement shall be by way of physical delivery);

**Settlement Currency** means the currency specified in the applicable Final Terms;

**Settlement Date** means, unless specified otherwise in the applicable Final Terms, the fifth Business Day next following the last occurring Valuation Date:

- (a) in relation to Cash Settled Securities, the fifth Business Day following the last occurring Valuation Date;



(b) in relation to Physical Delivery Securities, the date specified as such in the applicable Final Terms.

If on a Valuation Date a Market Disruption Event occurs, the Settlement Date will be postponed accordingly. Such Settlement Date shall not, in any case, be postponed beyond the tenth Business Day following the last Valuation Date.

**Share** means, in relation to each Series, either as single underlying or as a Basket Constituent, the share listed in Italy on the markets managed by Borsa Italiana S.p.A., or listed on European or foreign stock exchanges (*i.e.* traded on regulated, regularly operating and/or recognized open market(s)), which will be specified as the underlying asset or a Basket Constituent, from time to time in the relevant Final Terms. The relevant underlying share (as single underlying or as Basket Constituent) (i) will not be issued by the Issuer nor by an entity belonging to the group of the Issuer, and (ii) may not be converted or exchanged into shares or other transferable securities equivalent to shares issued by the Issuer or by an entity belonging to the group of the Issuer;

**Short Protection** means the amount specified in the relevant Final Terms;

**Short Strategy** means a financial strategy which gives to the investor the possibility to receive a positive amount in case of negative (decreasing) performance of the Underlying as indicated in the relevant Final Terms in relation to the relevant Series;

**Sigma Amount** means the amount in the Settlement Currency specified by the Issuer in Final Terms for each Series;

**Single Level Option** means, if so specified by the Issuer in the relevant Final Terms and if a single Digital Level has been provided for all the Digital Valuation Periods, the Determination Method pursuant to which the Digital Level may be an increasing value, a decreasing value, or a variable value in relation to each applicable Digital Valuation Period;

**Sponsor** means, in relation to each Series, the entity responsible for the calculation and/or the management and/or the issue of the relevant Underlying, as specified from time to time in the relevant Final Terms;

**Spread** means, in relation to Spread Certificates, the differential registered between the Performance of the Underlying A and the Performance of the Underlying B, determined according to one of the formulas specified in the applicable Final terms according to what set out in the definition of Performance. The Spread is determined by the Calculation Agent as follows:

$$\text{Spread} = \text{Performance of the Underlying A} - \text{Performance of the Underlying B}$$

**Spread Protection** means the percentage specified in the relevant Final Terms;

**Step Up Amount** means, in relation to Dynamic Protection Certificates, the amount specified in the relevant Final Terms;

**Strike** means the value which will be determined by the Calculation Agent on the Strike Observation Date;

**Strike Level** means the percentage specified in the applicable Final Terms in relation to the calculation of the Cash Settlement Amount of the Dual Currency FX Certificates;

**Strike Percentage** means, in relation to Warrants and Twin Win Certificates, the percentage specified in the relevant Final Terms, which will be considered for the purposes of the calculation of the Cash Settlement Amount;

**Strike Price** means, in relation to Short Benchmark Certificates, the amount or the value specified as such in the applicable Final Terms;

**Strike Observation Date** means the date specified in the relevant Final Terms for the purposes of the determination of the Strike, provided that, if such date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day;

**Successor Sponsor** means, in relation to each Underlying, a third party that may be responsible for the calculation and/or the management and/or the issuance of the Underlying in the place of the Sponsor;

**Switch Event** means, in relation to Switch Certificates, the event occurring when the Calculation Agent determines that, in a Switch Valuation Period indicated by the Issuer, the Reference Value of the Underlying is equal to, lower than or higher than the Switch Level, as specified in the relevant Final Terms from time to time;

**Switch Level** means the value determined as specified in the relevant Final Terms in relation to the relevant Switch Valuation Period(s), represented by a percentage of the Initial Reference Value of the Underlying, or by a predetermined value;

**Switch Valuation Period** means the period composed of one or more Exchange Business Day(s), as indicated in the Final Terms (provided that, if one or more of these dates do not fall on an Exchange Business Day, they shall be postponed to the next day which is an Exchange Business Day) in which the Calculation Agent determines if the Switch Event has occurred. In the event of more Switch Valuation Periods, the relevant Final Terms will indicate the **First Switch Valuation Period**, the **Second Switch Valuation Period**, and so on.

The above applies provided that in the opinion of the Calculation Agent a Market Disruption Event in a Switch Valuation Period has not occurred. In this case, the Exchange Business Day of the Switch Valuation Period is intended to be postponed to the first following Exchange Business Day on which the Market Disruption Event is no longer in place. In any case, such Exchange Business Day of the Switch Valuation Period may not be postponed beyond the eighth Exchange Business Day following the Exercise Date;

**Typology** means the type of Securities that will be issued in respect of each Series, as specified in the relevant Final Terms. In particular, the Securities may be:

- *Standard (Long/Short) Certificates;*
- *Max (Long/Short) Certificates;*
- *Spread (Type A/ Type B/ Type C) Certificates;*
- *Twin Win Certificates;*
- *Benchmark (Long/Short) Certificates;*
- *Outperformance (Long/Short) Certificates;*
- *Buffer Protection Certificates;*
- *Global Performance Certificates;*
- *Lucky Protection (Long/Short) Certificates;*
- *Dynamic Protection (Long/Short) Certificates;*
- *Currency Certificates;*
- *Multiperformance Certificates;*
- *Gap (Long/Short) Certificates;*

- *Dual Currency FX Certificates;*

- *Switch Certificates;*

- *Call Warrants;*

- *Call Spread Warrants;*

- *Put Warrants;*

- *Put Spread Warrants;*

**Underlying** means, for each Series:

- (i) in the case of Securities linked to one or more financial asset(s), the Share, the GDRs/ADRs, the Index, the Commodity, the Futures Contract, the Exchange Rate, the Interest Rate and the Fund, as specified in the applicable Final Terms;
- (ii) in the case of Spread Certificates, two or more financial assets selected from the following Underlyings: Shares, Indexes, Commodities, Futures Contracts, Exchange Rates, Interest Rates, Funds and Baskets composed of the preceding Underlyings, and indicated respectively as **Underlying A** and **Underlying B** in the relevant Final Terms; in this case, the relevant Initial Reference Value, Final Reference Value, Multiplier, Initial Percentage and Performance of the Underlying, will be indicated as, respectively, the **Initial Reference Value<sub>A</sub>/Initial Reference Value<sub>B</sub>**, the **Final Reference Value<sub>A</sub>/Final Reference Value<sub>B</sub>**, the **Multiplier<sub>A</sub>/Multiplier<sub>B</sub>**, the **Initial Percentage<sub>A</sub>/Initial Percentage<sub>B</sub>** and the **Performance of the Underlying A/Performance of the Underlying B**;
- (iii) in the case of Certificates linked to a Basket (as defined above), a Basket composed of two or more financial assets (each a Basket Constituent, as defined above and indicated from time to time in the relevant Final Terms);

**Underlying Reference Currency** means for each Series, the currency of the Underlying as indicated in the Final Terms. In the case of Quanto Securities, the Underlying Reference Currency will be usually always in the Settlement Currency;

**Underlying Shares** means the shares underlying an ADR or GDR, as the case may be;

**Up Participation Factor** means the percentage specified as such in the applicable Final Terms;

**Up Range Accumulating Level** means the value specified from time to time in the relevant Final Terms. The Up Range Accumulating Level is represented by a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value;

**Up Range Digital Level** means, in relation to Range Level Option, the value specified from time to time in the relevant Final Terms. The Up Range Digital Level is represented by a percentage of the Initial Reference Value of the Underlying (or as an independent percentage value in relation to Spread Certificates and Multiperformance Certificates) or by a predetermined value. If there are more Underlyings, the applicable Final Terms will specify the relevant Up Range Digital Level for each Underlying;

**Valuation Date(s)** means one or more Exchange Business Day(s) on which the Value of the Underlying is registered for the purpose of the calculation of the Final Reference Value (pursuant to the terms specified below in the definition of Final Reference Value) and of the Cash Settlement Amount (provided that, in the opinion of the Calculation Agent, a Market Disruption Event has not occurred), as specified in the relevant Final Terms from time to time relating to each Series.

If a Valuation Date does not fall on an Exchange Business Day, it shall be postponed to the next day which is an Exchange Business Day. In the case of a Basket, or in the case of Best Of Feature and Worst Of Feature, if the Valuation Date does not fall on an Exchange Business Day for one or more Basket Constituent(s) or for one or more Underlying(s), the Valuation Date will be (i) the immediately following Exchange Business Day which shall be an Exchange Business Day for all the Basket Constituents or for all the Underlyings or (ii) (a) for each Basket Constituents or for each Underlyings in relation to which the Valuation Date is not an Exchange Business Day, the immediately following Exchange Business Day and (b) for all the Basket Constituents or for all the Underlyings in relation to which the Valuation Date is an Exchange Business Day, the Valuation Date originally scheduled.

If, on a Valuation Date, a Market Disruption Event (as defined below) occurs, such Valuation Date will be postponed to the following Exchange Business Day on which the Market Disruption Event is no longer in place.

Such Valuation Date shall not, in any case, be postponed beyond the eighth Exchange Business Day following the Valuation Date;

**Value** means the level, price, amount or such other value of the Underlying used for the purposes of the determination of the Reference Value, Initial Reference Value or Final Reference Value, as the case may be;

**Variable Management Fee or VMF** means, if applied by the Issuer in relation to Benchmark Certificates, a fee charged to the investor determined on the basis of the AMF Percentage and on a variable percentage determined from time to time by the Calculation Agent within the range specified in the relevant Final Terms (the **VMF Percentage**).

The VMF Percentage and its variations during the life of the Certificates will be notified to the investors by way of a notice published on the Issuer's website and, in case of listing, by way of notice published on the relevant Stock Exchange website. The Calculation Agent will deduct the VMF accrued from the Cash Settlement Amount pursuant to Condition 23 (*Pay-out provisions*).

The VMF will be calculated as follows:

$$VMF_t = \prod_{t \in (t_0, t_0+1, \dots, t)} \left( 100\% - \frac{AMF\ Percentage}{365.25} - \frac{VMF\ Percentage_t}{365.25} \right)$$

Where:

"**VMF Percentage<sub>t</sub>**" is equal to the percentage related to the calendar day *t*, from time to time notified and which remain constant on each *t* until new communication. Such percentage is determined from time to time by the Calculation Agent within the range specified in the relevant Final Terms.

"**t**" is the number related to each calendar day when the VMF<sub>t</sub> is determined;

In relation to the Variable Management Fee, in order to keep aligned the value of the Underlying and the value of the Certificates, the Issuer may proceed (if so specified in the applicable Final Terms), on every Adjustment Day specified in the applicable Final Terms, to reset the Multiplier. Such adjustment will be notified (at least on the Business Day before the relevant Adjustment Day), in case of listing, by way of notice published on the relevant Stock Exchange website.

The adjustment will be determined according to the following formula (with Adjustment Day *t+1*):

$$Multiplier_{t+1} = Multiplier_t \times Adjustment\ Factor_t$$

Where:

$$\text{"Adjustment Factor}_t" = \frac{1}{\prod_{i \in (t_0, t_0+1, \dots, t)} \left( 100\% - \frac{\text{AMF Percentage}}{365.25} - \frac{\text{VMF Percentage}}{365.25} \right)}$$

"t0, t0+1, ..., t" are the days between the preceding Adjustment Day and "t".

"Multiplier<sub>t</sub>" is the Multiplier determined at day "t" preceding the Adjustment Day.

**VMF Percentage** means, in relation to the calculation of the Variable Management Fee, the percentage as identified from time to time by the Calculation Agent in a range as indicated in the Final Terms. Therefore, the VMF Percentage at the Issue Date will be equal to 0 and thereafter shall be determined by the Calculation Agent so as to not exceed the percentage indicated in the Final Terms. The Calculation Agent may update, at its reasonable discretion, within the range indicated in the Final Terms, the VMF Percentage considering the prevailing market conditions. The variations of the VMF Percentage will be notified to the relevant Stock Exchange and published on the website of the Issuer;

**Worst Of Feature** means the determination method for the calculation of the Settlement Amount and/or the Early Redemption Amount (if applicable) and/or of any Remuneration Amounts (if applicable), where the Calculation Agent selects, in relation to the relevant valuation period, the Worst Of Underlying, which is the underlying asset with the first, the second or the third (and so on, on the basis of the number of the Underlyings) worst Performance compared with the other Underlyings.

The applicable Final Terms will also specify whether the Worst Of Feature applies to the determination of:

- (i) the relevant Remuneration Amount only; or
- (ii) the Early Redemption Amount only; or
- (iii) the Settlement Amount only; or
- (iv) the occurrence of the Barrier Event only; or
- (v) the relevant Remuneration Amount and/or the Settlement Amount and/or the Early Redemption Amount only and/or the occurrence of the Barrier Event.

**Worst Of Underlying** means, in the case of Worst Of Feature, the Underlying with the first, second or third (and so on, depending on the number of the Underlyings) worst Performance of the Underlying in respect of the Performance of the other Underlyings. The Calculation Agent will select, in the relevant valuation period or at maturity, the Worst Of Underlying and the investors will be informed pursuant to Condition 9 (*Notices*). In the Final Terms, the Issuer will indicate for each Series whether it will take into account the Underlying with the first worst Performance (in such case, this will be named Worst Of Underlying), the second worst Performance (in such case, this will be named **Second Worst Of Underlying**) or the third worst Performance (in such case, a this will be named **Third Worst Of Underlying**) and so on.

#### 4. Physical Delivery provisions

##### (A) Settlement Disruption

If, following the exercise of Physical Delivery Securities, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Securities shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in

connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy and discharge its obligations in respect of the relevant Security by payment to the relevant Securityholder of the Settlement Disruption Amount (as defined below) on the third Business Day following the date that notice of such election is given to the Securityholders in accordance with Condition 9 (*Notices*). Payment of the Settlement Disruption Amount will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9 (*Notices*). The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 9 (*Notices*) that a Settlement Disruption Event has occurred provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Settlement Disruption Event. No Securityholder shall be entitled to any payment in respect of the relevant Security in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**Settlement Disruption Amount** in respect of any relevant Security shall be the fair market value of such Security (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Issuer in its sole and absolute discretion plus, if already paid, in the case of Warrants, the Premium (or, where as provided above some Relevant Assets have been delivered and a pro rata portion thereof has been paid, such pro rata portion); and

**Settlement Disruption Event** means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

(B) *Failure to Deliver due to Illiquidity*

If "Failure to Deliver due to Illiquidity" is specified as applicable in the applicable Final Terms and, following the exercise of Physical Delivery Securities, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **Affected Relevant Assets**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver due to Illiquidity**), then:

- (a) subject as provided elsewhere in these Conditions as amended by the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 18(C) or Condition 21(D), as applicable, and, in the case of Warrants, the Calculation Agent shall determine the appropriate pro rata portion of the Premium to be paid by the relevant Securityholder in respect of that partial settlement; and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment to the relevant Securityholder of the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that

notice of such election is given to the Securityholders in accordance with Condition 9 (*Notices*). Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9 (*Notices*). The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 9 (*Notices*) that the provisions of this Condition 4(B) apply.

For the purposes hereof:

**Failure to Deliver Settlement Price** means, in respect of any relevant Security, the fair market value of such Security (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion plus, in the case of Warrants and if already paid, the Premium (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion).

(C) *Issuer's Option to Vary Settlement*

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of the Securities, upon a valid exercise of Securities in accordance with these Conditions, the Issuer may, at its sole and unfettered discretion, in respect of each such Security, elect not to pay the relevant Securityholders the Cash Settlement Amount or not to deliver or procure delivery of the Entitlement to the relevant Securityholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Securityholders, as the case may be. Notification of such election will be given to Securityholders no later than 10.00 a.m. (Luxembourg time) on the second Business Day following (a) the Actual Exercise Date for Warrants or (b) the Exercise Date for Certificates in accordance with Condition 9 (*Notices*) and/or, at the option of the Issuer, if applicable, in accordance with the contact details for a Securityholder specified in its Exercise Notice (in the case of a Warrant) or Physical Delivery Confirmation Notice (in the case of a Certificate and if applicable pursuant to the relevant Final Terms).

(D) *Intervening Period*

If the Entitlement in respect of Physical Delivery Securities comprises Relevant Assets which are shares or debt instruments, for such period of time after the Settlement Date as any person other than the relevant Securityholder shall continue to be the legal owner of such securities (the **Intervening Period**), neither the Issuer nor any other person shall (i) be under any obligation to deliver or procure delivery to the relevant Securityholder or any subsequent beneficial owner of such securities or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such securities or (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities during the Intervening Period.

(E) *General*

None of the Issuer, the Security Agents and the Calculation Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

The Issuer shall be under no obligation to register or procure the registration of any Securityholder or any other person as the registered holder in respect of any shares comprised in any Entitlement in the register of members of the relevant Share Company.

For the purposes hereof:

**Share Company** means, in relation to a Share, the company that has issued such share.

## **5. Illegality and force majeure**

If the Issuer determines that the performance of its obligations under the Securities or that any arrangements made to hedge the Issuer's obligations under the Securities have, become (i) illegal in whole or in part for any reason, or (ii) by reason of a force majeure event (such as an act of God, fire, flood, severe weather conditions, or a labour dispute or shortage) or an act of state occurring after the Trade Date, impossible or impracticable, the Issuer may cancel the Securities by giving notice to Securityholders in accordance with Condition 9 (*Notices*).

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

If the Issuer cancels the Securities pursuant to an illegality then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder, which amount shall be equal to the fair market value of the Securities or Unit, as the case may be (the bid-value in case of Italian Listed Securities), notwithstanding such illegality, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), plus, in the case of Warrants and if already paid by or on behalf of a Securityholder, the Premium, all as determined by the Calculation Agent in its sole and absolute discretion (such costs shall not be applicable in case of Italian Listed Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9 (*Notices*).

If the Issuer cancels the Securities by reason of a force majeure event or an act of state, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder, which amount shall be equal to the fair market value of a Security or Unit, as the case may be (the bid-value in case of Italian Listed Securities), taking into account the applicable force majeure event or act of state, as the case may be, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements) plus, in the case of Warrants and if already paid by or on behalf of a Securityholder, the Premium, all as determined by the Calculation Agent in its sole and absolute discretion (such costs shall not be applicable in case of Italian Listed Securities). Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9 (*Notices*).

## **6. Hedging Disruption**

In respect of the Securities linked to one or more Underlying(s), the Issuer or one of its affiliates may be unable, after using commercially reasonable efforts, to either (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk) of entering into and performing its obligations with respect to the Securities; or (b) freely realize, recover, receive, repatriate, remit or transfer the proceeds of hedge positions as the case may be between



accounts within the jurisdiction of the hedge position (the "**Affected Jurisdiction**") or from accounts within the Affected Jurisdiction to accounts outside of the Affected Jurisdiction.

In case of the occurrence of a Hedging Disruption relating to an Underlying asset (the "**Affected Underlying**") the Calculation Agent may:

- (i) consider such event as an event triggering an early redemption of the Securities (hereafter, an "**Early Redemption Event**"). In that case where an Early Redemption Event occurs, the Issuer shall terminate its obligations under the Securities and shall pay or cause to be paid an amount on the basis of the fair market value of the Securities (the bid-value in case of Italian Listed Securities);
- (ii) replace the Affected Underlying by a new underlying which is representative of the same economic or geographic sector.

## **7. Purchases and Cancellation**

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

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

### **(A) Security Agents and Registrar**

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

The Issuer reserves the right at any time to vary or terminate the appointment of any Security Agent and to appoint further or additional Security Agents, provided that no termination of appointment of the Principal Security Agent shall become effective until a replacement Principal Security Agent shall have been appointed and provided that, so long as any of the Securities are listed on any stock exchange or admitted to trading or listing by any other relevant authority, there shall be a Security Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange or other relevant authority and, for so long as there are any Registered Securities outstanding, there will at all times be a Registrar. Notice of any termination of appointment and of any changes in the specified office of any Security Agent or Registrar will be given to Securityholders in accordance with Condition 9 (*Notices*) provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such termination or changes. In acting under the Agency Agreement, each Security Agent and the Registrar acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders and any Security Agent's determinations and calculations in respect of the Securities shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

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

### **(B) Calculation Agent**

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

manner and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

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

(C) *Determinations by the Issuer*

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

(D) *Meetings of Securityholders and Modifications*

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Securities or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing a clear majority of the Securities for the time being outstanding or at any adjourned meeting two or more persons being or representing Securityholders whatever the number or Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities (including modifying the date of exercise of the Securities, reducing or cancelling the Cash Settlement Amount in respect of the Securities or altering the currency of payment of the Securities other than pursuant to Condition 16), the quorum shall be two or more persons holding or representing not less than two-thirds of the Securities for the time being outstanding or at any adjourned such meeting one or more persons holding or representing not less than one-third of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting save in the case of American Style Warrants, for those Warrants remaining outstanding but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

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

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

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 9 (*Notices*) as soon as practicable thereafter.

**9. Notices**

All notices to Securityholders shall be valid if (i) until such time as any Definitive Securities or Registered Securities in definitive form are issued, the notice is delivered to Euroclear and/or Clearstream, Luxembourg, for communication by them to the Securityholders; (ii) if and so long as the Securities are admitted to trading on the Irish Stock Exchange's regulated market and listed on the Official List of the Irish Stock Exchange, the notice is published in accordance with the rules and regulations of the Irish Stock Exchange (which shall include publication on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie))); (iii) if and so long as the Securities are admitted to trading on stock

exchanges other than the Irish Stock Exchange, the notices are duly published in a manner which complies with the rules of any such other stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading; and (iv) in the case of Registered Securities in definitive form if sent by first class mail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register. If Definitive Securities are issued, notices to Securityholders will be deemed validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times*. Any such notice shall be deemed to have been given on the date of delivery to Euroclear and/or Clearstream, Luxembourg or the date of publication, as the case may be, or, if published more than once, on the date of the first publication.

## 10. Expenses and Taxation

- (A) A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, sale commissions, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities pursuant to the terms of such Securities and/or the delivery or transfer of the Entitlement, as applicable (**Expenses**) relating to such Securities.
- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.
- (C) A holder of Securities must provide the Issuer with sufficient information and all reasonable assistance necessary for (and pay all costs associated with), compliance by the Issuer with Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code. If the Issuer or any other relevant withholding agent determines that a withholding pursuant to FATCA or U.S. dividend equivalent tax legislations is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

## 11. Further Issues

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

## 12. Substitution of the Issuer

### (A) *Substitution of Issuer*

Unless otherwise indicated in the relevant Final Terms, the Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the **Substitute**) as principal debtor in respect of all obligations arising from or in connection with the Securities provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in

respect of the Securities shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Securities are listed shall have confirmed that following the proposed substitution of the Substitute the Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 9 (*Notices*).

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

After any substitution or change of branch pursuant to Condition 12(A) (*Substitution of Issuer*), the Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the Conditions where applicable, by references to the country of incorporation, domicile and/or residence for tax purposes of the Substitute or the new branch, as the case may be. Such modifications shall be notified to Securityholders in accordance with Condition 9 (*Notices*).

**13. Governing Law and Jurisdiction**

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

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

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

**14. Prescription**

Claims against the Issuer, if any, for payment of principal, interest and/or remuneration in respect of the Certificates shall become void unless made within 60 months from the Exercise Date and no claims shall be made after such date.

**15. Terms of the Securities**

**15(1) Market Disruption Event**

If the Calculation Agent determines that the Intraday Value of an Underlying cannot be determined at any time, for the purposes of determining the Performance, or on any Early Redemption Valuation Period and/or Switch Valuation Period and/or Barrier Event Determination Period and/or a Barrier Gap Observation Period (in the case of Gap Certificates) by reason of the occurrence of an event giving rise to a Market Disruption Event (as described in the following sub-conditions), then the Intraday Value at such time on such period shall be disregarded for the purposes of determining the Performance or the occurrence of the Early Redemption Event and/or Switch Event and/or Barrier Event or Barrier Gap

Event (in the case of Gap Certificates), as the case may be.

#### **15(1)(A) Market Disruption Event in relation to Index Securities**

##### **Definitions**

"**Index Constituent**" means any security or other asset constituting an Index; and

"**Related Exchange**" means, in relation to an Index, any regulated or non-regulated market where the options, futures or repo contracts on such Index are traded, as determined by the Calculation Agent.

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(A), Market Disruption Events means:

- (i) any suspension of, or relevant limitation imposed on (a) any transaction on the relevant Reference Source or (b) trading of a concrete amount of Index Constituents traded on the relevant Reference Sources;
- (ii) any suspension of, or relevant limitation imposed on, trading of futures or options contracts relating to the Index on a Related Exchange;
- (iii) any event (as determined by the Calculation Agent) that disrupts or impairs the ability of market participants in general to affect transactions (a) in relation to or to obtaining market values for, the Index on the relevant Reference Source, or (b) in or obtaining market values for, options contracts or futures contracts on or relating to such Index on any relevant Related Exchange;
- (iv) the opening on any Exchange Business Day of the relevant Reference Source or any Related Exchange(s) prior to its scheduled opening time unless such earlier opening time is announced by such Reference Source(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual opening time for the regular trading session on such Reference Source(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline (if applicable) for orders to be entered into with the Reference Source or Related Exchange system for execution on such Exchange Business Day; and
- (v) the closure on any Exchange Business Day of the relevant Reference Source or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Reference Source(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline (if applicable) for orders to be entered into with the Reference Source or Related Exchange system for

execution on such Exchange Business Day.

If the Calculation Agent determines, **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates)**, that a Market Disruption Event has occurred pursuant to (i), (ii), (iii), (iv) and (v) above, then the Exchange Business Day on which the Market Disruption Event occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Exchange Business Day may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

In case of Securities relating to a Basket of Indices if the Market Disruption Event has occurred but it is not continuing anymore for all Basket Constituent(s) before the eight Exchange Business Days from the Exchange Business Day originally expected, in order to determine the official level of the Index the Calculation Agent will have the faculty to determine the official level of each Basket Constituent(s):

- (a) on the relevant date on which the Market Disruption Event has ceased to occur for each single Basket Constituent, or
- (b) on the date on which the Market Disruption Event has ceased to occur for all Basket Constituents.

If, on the eighth Exchange Business Day from the Exchange Business Day originally expected, the Market Disruption Event is continuing, the Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine

- (i) in the case of Securities relating to a single Index, the official level of the Index as of the Exchange Business Day on which the Market Disruption Event occurred on that eighth Exchange Business Day (in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the Market Disruption Event), or
- (ii) in the case of Securities relating to a Basket of Indices:
  - (a) for the Basket Constituent(s) for which a Market Disruption Event has not occurred (if any), then the Calculation Agent will have the faculty to determine the official level of such Basket Constituent(s) on the Exchange Business Day originally expected, or on that eighth Exchange Business Day from the Exchange Business Day originally expected;
  - (b) for the Basket Constituent(s) for which a Market Disruption Event has occurred, but it is not continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the official level of such Basket Constituent(s) on the date on which the Market Disruption Event has ceased to occur, or on that eighth Exchange Business Day from the Exchange Business Day originally expected; or
  - (c) for the Basket Constituent(s) for which a Market Disruption Event has occurred and

it is continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the official level of each Basket Constituent on that eighth Exchange Business Day on which the Market Disruption Event occurred,

in all cases in accordance with the fair market value of the Index affected by the Market Disruption Event, using the formula for and the method of calculating each Index last in effect prior to the occurrence of the Market Disruption Event.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(A), Market Disruption Events occurring on a Determination Date means the occurrence of a Market Disruption Event pursuant to (i), (ii), (iii), (iv) and (v) above in 15(1)(A) on a Determination Date.

In such case:

- (i) if the Determination Date is in advance of the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption Event is continuing on all the Exchange Business Days following the Determination Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;
- (ii) if the Determination Date is in advance, following or on the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected.

If the Market Disruption Event is also continuing on the Determination Date, the Calculation Agent, acting in good faith, will determine: (i) in the case of Securities relating to a single Index, the official closing level of the Index for the purposes of determining the Initial Reference Value or (ii) in the case of Securities relating to a Basket of Indices, the official closing level of the Basket Constituent, for the purposes of determining the Initial Reference Value of the Basket, in either case (x) on the basis of the Market Value of the Index affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such index or (y) pursuant to the reasonable market practice.

If the determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days; and

- (iii) if, on a Determination Date before the Issue Date, the Calculation Agent determines that the index level is equal to or greater than the Maximum Level set out in the relevant Final Terms, then the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.

Investors will be notified of the occurrence of any events pursuant to (i), (ii) and (iii), by way of a notice published on the Issuer's website <http://www.bancaimi.prodottiequotazioni.com/EN>.

## 15(1)(B) Market Disruption Event in relation to Share Securities

### Definitions

"**Related Exchange**" means, in relation to a Share, any regulated or non-regulated market where the options, futures or repo contracts on such Share are traded, as determined by the Calculation Agent.

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(B), Market Disruption Events means:

- (i) any suspension of, or relevant limitation (as determined by the Calculation Agent) imposed on (a) any transaction on the relevant Reference Source or (b) trading of the Share traded on the relevant Reference Source;
- (ii) any suspension of or relevant limitation imposed on trading of futures or options contracts relating to a Share on a Related Exchange;
- (iii) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to affect transactions in relation to or to obtaining market values for the Share on the relevant Reference Source or (ii) to affect transactions in or obtaining market values for options contracts or futures contracts on or relating to such Share on any relevant Related Exchange;
- (iv) the opening on any Exchange Business Day of the relevant Reference Source or any Related Exchange(s) prior to its scheduled opening time unless such earlier opening time is announced by such Reference Source(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual opening time for the regular trading session on such Reference Source(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline (if applicable) for orders to be entered into with the Reference Source or Related Exchange system for execution on such Exchange Business Day; and
- (v) the closure on any Exchange Business Day of the relevant Reference Source or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Reference Source(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline (if applicable) for orders to be entered into with the Reference Source or Related Exchange system for execution on such Exchange Business Day.

If the Calculation Agent determines **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period,**



**the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates),** that a Market Disruption Event has occurred pursuant to 15(1)(B) (i), (ii), (iii), (iv) and (v) above, then the Exchange Business Day on which the Market Disruption Event occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Exchange Business Day may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

In case of Securities relating to a Basket of Shares if the Market Disruption Event has occurred but it is not continuing anymore for all Basket Constituent(s) before the eight Exchange Business Days from the Exchange Business Day originally expected, in order to determine the official level of the Basket of Shares the Calculation Agent will have the faculty to determine the official level of each Basket Constituent(s):

- (a) on the relevant date on which the Market Disruption Event has ceased to occur for each single Basket Constituent, or
- (b) on the date on which the Market Disruption Event has ceased to occur for all Basket Constituents.

If, on the eighth Exchange Business Day from the Exchange Business Day originally expected, the Market Disruption Event is continuing, the Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine:

- (i) in the case of Securities relating to a single Share, the value for the Share as of the Exchange Business Day on which the Market Disruption Event occurred on that eighth Exchange Business Day, or
- (ii) in the case of Securities relating to a Basket of Shares:
  - (a) for the Basket Constituent(s) for which a Market Disruption Event has not occurred (if any), then the Calculation Agent will have the faculty to determine the official level of such Basket Constituent(s) on the Exchange Business Day originally expected, or on that eighth Exchange Business Day from the Exchange Business Day originally expected;
  - (b) for the Basket Constituent(s) for which a Market Disruption Event has occurred, but it is not continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the official level of such Basket Constituent(s) on the date on which the Market Disruption Event has ceased to occur, or on that eighth Exchange Business Day from the Exchange Business Day originally expected; or
  - (c) for the Basket Constituent(s) for which a Market Disruption Event has occurred and it is continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the official level of each Basket Constituent on that eighth Exchange Business Day on which the Market Disruption Event occurred.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(B), Market Disruption Events occurring on a Determination Date means the occurrence of a Market Disruption Event pursuant to (i), (ii), (iii), (iv) and (v) above in 15(1)(B) on a Determination Date.

In such case:

- (i) if the Determination Date is in advance of the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption Event is continuing on all the Exchange Business Days following the Determination Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;
- (ii) if the Determination Date is in advance, following or on the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected.

If, on the Determination Date the Market Disruption Event is also continuing, the Calculation Agent, acting in good faith, will determine: (i) in the case of Securities relating to a single Share, the official closing price of the Share for the purposes of determining the Initial Reference Value or (ii) in the case of Securities relating to a Basket of Shares, the official closing price of the Basket Constituent, for the purposes of determining the Initial Reference Value of the Basket, in either case (x) on the basis of the Market Value of the Share affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Share, or (y) pursuant to the reasonable market practice.

If the determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days; and

- (iii) if, on a Determination Date before the Issue Date, the Calculation Agent determines that the Share level is equal to or greater than the Maximum Level set out in the relevant Final Terms, then the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.

Investors will be notified of the occurrence of any event pursuant to (i), (ii) and (iii) of this 15(1)(B), by way of a notice published on the Issuer's web site <http://www.bancaimi.prodottiequotazioni.com/EN>.

### **15(1)(C) Market Disruption Event in relation to Commodity Securities**

#### **Definitions**

**"Commodity Reference Dealers Price"** means the price for the Reference Value determined by the Calculation Agent on the basis of four quotations provided by Reference Dealers on the Relevant Time for a unit of the relevant Commodity. If four quotations are provided, the price for that Reference Value will be the arithmetic mean of the price for that Commodity provided by each Reference Dealer,

without regard to the prices having the highest and lowest value; if exactly three quotations are provided, the Commodity Reference Dealers Price will be the price provided by the relevant Reference Dealer that remains after disregarding the prices having the highest value or the lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for that Relevant Time cannot be determined.

**"Fallback Reference Value"** means the Reference Value calculated following a Market Disruption Event;

**"Other Exchange"** means, with respect to a Commodity, each exchange, trading system or quotation system other than the Reference Source on which such Commodity is listed, traded or quoted;

**"Reference Dealers"** means in the event that the Reference Value shall be determined as a Commodity Reference Dealers Price, four leading leaders in the relevant market, other than the Reference Source, selected by the Calculation Agent;

**"Reference Price"** means an amount equal to the official price of the relevant Commodity resulting from the listing made by the Reference Source on the Exchange Business Day which is used by the Calculation Agent to determine the Reference Value;

**"Related Exchange"** means, in relation to a Commodity, any regulated or non-regulated market where the options, futures or repo contracts on such Commodity are traded, as determined by the Calculation Agent;

**"Relevant Time"** means, with respect to any Commodity, the relevant time by reference to which the Calculation Agent determines the price or value of such Commodity for the purposes of determining the Reference Value; and

**"Relevant Country"** means, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Commodity, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Capitalised terms which are not defined in this 15(1)(C) shall have the same meaning as of Condition 3 (*Definitions*).

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(C), Market Disruption Events means the following events determining the impossibility for the Calculation Agent to calculate during the Relevant Time the Reference Value:

- (i) the occurrence or existence on any Final Valuation Day at the Relevant Time for such commodity or at any time during the one hour period that ends at the Relevant Time for such Commodity :
  - (A) of any suspension of or limitation imposed on all trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
    - a) in all contracts on a Reference Source; or
    - b) in options contracts or futures contracts on a Related Exchange relating to a Commodity; or
    - c) in connection with the closure on any Exchange Business Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (a) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Exchange Business Day or, if earlier, (b) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Exchange Business Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or,
  - (B) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to affect transactions in relation to or to obtaining market values for the relevant Commodity on the relevant Reference Source, or to affect transactions in or obtain market values for options contracts or futures contracts on the Related Exchange relating to such Commodity; or
  - (C) of a failure of the Reference Source to announce or publish the Reference Price (or the information necessary for determining the Reference Price), or the temporary or permanent discontinuance or unavailability of the Reference Price, or if the Commodity Reference Dealers Price is applicable, the failure to obtain at least three quotations from the relevant Reference Dealers, or if the Reference Value determined on the basis of Reference Price materially differs from the Reference Value determined on the basis of the Commodity Reference Dealers Price; or
  - (D) of a material change in the formula for, or the method of, calculating the Reference Price by the Reference Source; or
- (ii) the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price or value of the Commodity on the day that would otherwise be a Relevant Time from what it would have been without that imposition, change or removal.
- (iii) any government or supervisory authority (a) imposes any controls or announces its intention to impose any controls or (b) (i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or

administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer's ability to acquire, hold, transfer or realise such Commodity or otherwise to affect transactions in relation to such Commodity.

If the Calculation Agent determines in good faith that a Market Disruption Event has occurred or exists pursuant to 15(1)(C) (i), (ii) and (iii) above during the Relevant Time on a day that is an Exchange Business Day, and in particular:

- (1) **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period, or**
- (2) **on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or**
- (3) **during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates),**

then, a Disruption Fallback (as defined below) method may apply.

The Fallback Reference Value will be determined on the basis of the first applicable Disruption Fallback (applied in accordance with its terms), according to the order below, being each of the following method listed under (i), (ii) (iii) and (iv), a "**Disruption Fallback**" with the meaning as follows:

- (i) the Calculation Agent determines the Fallback Reference Value based on the price for that Relevant Time provided by a suitable market recognised dealer not subject to a Market Disruption Event;
- (ii) the Calculation Agent, promptly upon becoming aware of the Market Disruption Event, determines in good faith the Fallback Reference Value (or a method for determining the Fallback Reference Value), and, if the Calculation Agent is not able to determine the Fallback Reference Value before the fifth Business Day following the date on which that Market Disruption Event occurred or existed, the next applicable Disruption Fallback shall apply;
- (iii) the Fallback Reference Value is determined on the basis of the Commodity Reference Dealers Price;
- (iv) the Issuer terminates its obligations under the relevant Commodity Security and the Calculation Agent shall determine the relevant termination amount pursuant to methods set out under Condition 4.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

#### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(C), Market Disruption Events occurring on a Determination Date means the occurrence of a Market Disruption Event pursuant to (i), (ii) and (iii) above in 15(1)(C) on a Determination Date.

In such case:

- (i) if the Determination Date is in advance of the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption

Event is continuing on all the Exchange Business Days following the Determination Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;

- (ii) if the Determination Date is in advance, following or on the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected.

If the Market Disruption Event is also continuing on the Determination Date, the Calculation Agent, acting in good faith, will determine: (i) in the case of Securities relating to a single Commodity, the Reference Value of the Commodity for the purposes of determining the Initial Reference Value, or (ii) in the case of Securities relating to a Basket of Commodities, the Reference Value of the Basket Constituent, for the purposes of determining the Initial Reference Value of the Basket, in either case (x) on the basis of the Market Value of the Commodity affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Commodity, or (y) pursuant to the reasonable market practice.

If the determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days; and

- (iii) if, on a Determination Date before the Issue Date, the Calculation Agent determines that the commodity level is equal to or greater than the Maximum Level set out in the relevant Final Terms, then the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.

Investors will be notified of the occurrence of any event pursuant to (i), (ii) and (iii) of this 14(1)(C), by way of a notice published on the Issuer's web site <http://www.bancaimi.prodottiequotazioni.com/EN>.

#### **15(1)(D) Market Disruption Event in relation to Futures Contract Securities**

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(D), Market Disruption Events means:

- (i) any disruption or any temporary or permanent discontinuance of the Reference Source (as determined by the Calculation Agent) ,
- (ii) any failure by the Reference Source to publish any relevant price of the Future contract,
- (iii) any suspension or limitation imposed on trading in the Future contract or in any other future or option contracts on the relevant exchanges;

- (iv) any discontinuance of trading in Future contracts,
- (v) the unavailability of the Reference Value,
- (vi) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to affect transactions in relation to or obtain market values for the Future contract;

If the Calculation Agent determines: **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates)**, that a Market Disruption Event has occurred pursuant to 15(1)(D) (i), (ii), (iii), (iv), (v) and (vi) above, then the Exchange Business Day on which the Market Disruption Event occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Exchange Business Day may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

In case of Securities relating to a Basket of Future Contracts if the Market Disruption Event has occurred but it is not continuing anymore for all Basket Constituent(s) before the eight Exchange Business Days from the Exchange Business Day originally expected, in order to determine the official level of the Basket of Future Contracts the Calculation Agent will have the faculty to determine the official level of each Basket Constituent(s):

- (a) on the relevant date on which the Market Disruption Event has ceased to occur for each single Basket Constituent, or
- (b) on the date on which the Market Disruption Event has ceased to occur for all Basket Constituents.

If, on the eighth Exchange Business Day from the Exchange Business Day originally expected, the Market Disruption Event is continuing, the Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine

- (i) in the case of Securities relating to a single Future Contract, the Reference Value of the Future Contract as of the Exchange Business Day on which the Market Disruption Event occurred on that eighth Exchange Business Day or
- (ii) in the case of Securities relating to a Basket of Future Contracts:
  - (a) for the Basket Constituent(s) for which a Market Disruption Event has not occurred (if any), then the Calculation Agent will have the faculty to determine the Reference Value of such Basket Constituent(s) on the Exchange Business Day originally expected, or on that eighth Exchange Business Day from the Exchange Business Day originally expected;
  - (b) for the Basket Constituent(s) for which a Market Disruption Event has occurred, but it is not continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to

determine the Reference Value of such Basket Constituent(s) on the date on which the Market Disruption Event has ceased to occur, or on that eighth Exchange Business Day from the Exchange Business Day originally expected; or

- (c) for the Basket Constituent(s) for which a Market Disruption Event has occurred and it is continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the Reference Value of each Basket Constituent on that eighth Exchange Business Day on which the Market Disruption Event occurred.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(D), Market Disruption Events occurring on a Determination Date means the occurrence of a Market Disruption Event pursuant to (i), (ii), (iii), (iv), (v) and (vi) above in 15(1)(D) on a Determination Date.

In such case:

- (i) if the Determination Date is in advance of the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption Event is continuing on all the Exchange Business Days following the Determination Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;
- (ii) if the Determination Date is in advance, following or on the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected.

If the Market Disruption Event is also continuing on the Determination Date, the Calculation Agent, acting in good faith, will determine: (i) in the case of Securities relating to a single Future Contract, the Reference Value of the Future Contract for the purposes of determining the Initial Reference Value or (ii) in the case of Securities relating to a Basket of Future Contracts, the Reference Value of the Basket Constituent, for the purposes of determining the Initial Reference Value of the Basket, in either case (x) on the basis of the Market Value of the Future Contract affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Future Contract, or (y) pursuant to the reasonable market practice.

If the determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days; and

- (iii) if, on a Determination Date before the Issue Date, the Calculation Agent determines that the Future Contract level is equal to or greater than the Maximum Level set out in the relevant Final Terms, then the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.



Investors will be notified of the occurrence of any event pursuant to (i), (ii) and (iii) of this 14(1)(D), by way of a notice published on the Issuer's web site <http://www.bancaimi.prodottiequotazioni.com/EN>.

## 15(1)(E) Market Disruption Event in relation to Exchange Rate Securities

### Definitions

**"Fallback Exchange Rate"** means the Exchange Rate calculated by the Calculation Agent following a Market Disruption Event.

**"Other Exchange"** means, with respect to an Exchange Rate, each exchange, trading system or quotation system other than the Reference Source on which the relevant Exchange Rate is listed, traded or quoted;

**"Reference Currency"** means, with respect to an Exchange Rate, each currency specified in such an Exchange Rate;

**"Related Exchange"** means, with respect to an Exchange Rate, any exchange, trading system, quotation system or non-regulated market on which options contracts, futures or repo contracts on the relevant Exchange Rate are traded as determined by the Calculation Agent;

**"Relevant Time"** means, with respect to any Exchange Rate, the relevant time by reference to which the Calculation Agent determines the price or value of such Exchange Rate for the purposes of determining the Reference Value;

**"Relevant Country"** means, with respect to each Exchange Rate, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency for the Exchange Rate or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) in which a Reference Currency for the Exchange Rate or the Reference Source has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate;

all as determined by the Calculation Agent;

**"First Currency"** means the currency appearing in the first position in an Exchange Rate; and

**"Second Currency"** means the currency appearing in the second position in an Exchange Rate.

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(E), Market Disruption Events means the occurrence of the following events under which it becomes impossible to calculate the Exchange Rate at the Relevant Time, and in particular:

- A the occurrence or existence on any Exchange Business Day at the Relevant Time for the Exchange Rate or at any time during the one hour period that ends at the Relevant Time for such Exchange Rate:
- (a) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding the limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
    - (i) of a Second Currency, for its conversion into the relevant First Currency, on the Reference Source or any Other Exchange; or
    - (ii) in options contracts or futures contracts relating to a Second Currency, for its conversion into the relevant First Currency, on any Related Exchange; or
  - (b) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to affect transactions in relation to or to obtaining market values for a Second Currency, for its conversion into the relevant First Currency, on the relevant Reference Source or affecting transactions in or obtain market values for options contracts or futures contracts on or relating to such Second Currency, for its conversion into the First Currency, on any Related Exchange;
- B the closure on any Exchange Business Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (a) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Exchange Business Day or, if earlier, (b) the submission deadline (if applicable) for orders to be entered into with the Reference Source or such Related Exchange system for execution at the Relevant Time on such Exchange Business Day. A "**Scheduled Closing Time**" is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

If the Calculation Agent determines: **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates)**, that a Market Disruption Event has occurred pursuant to 15(1)(E) (1) and (2) above, then the Exchange Business Day on which the Market Disruption Event occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine the Fallback Exchange Rate taking into consideration all available information that in good faith it deems relevant.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(E), Market Disruption Events occurring on a Determination Date means the occurrence of a Market Disruption Event pursuant to (1) and (2) above in 15(1)(E) on a Determination Date.

In such case:

- (i) if the Determination Date is in advance of the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption Event is continuing on all the Exchange Business Days following the Determination Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;
- (ii) if the Determination Date is in advance, or following, or on the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected.

If also on the Determination Date the Market Disruption Event is continuing, the Calculation Agent, acting in good faith, will determine: (i) in the case of Securities relating to a single Exchange Rate, the Reference Value of the Exchange Rate for the purposes of the determining the Initial Reference Value, or (ii) in the case of Securities relating to a Basket of Exchange Rates, the Reference Value of the Basket Constituent, for the purposes of the determining the Initial Reference Value of the Basket, in either case (x) on the basis of the Market Value of the Exchange Rate affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Exchange Rate, or (y) pursuant to the reasonable market practice.

If the determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days; and

- (iii) if, on a Determination Date before the Issue Date, the Calculation Agent determines that the Exchange Rate level is equal to or greater than the Maximum Level set out in the relevant Final Terms, then the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.

Investors will be notified of the occurrence of any event pursuant to (i), (ii) and (iii) of this 15(1)(E), by way of a notice published on the Issuer's web site <https://www.bancaimi.prodottiequotazioni.com/EN>.

### **15(1)(F) Market Disruption Events in relation to Fund Securities**

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date,**

**Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(F), Market Disruption Events means, **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), the occurrence of the following events:**

- (i) the failure to publish or determine (a) the net asset value of the Fund or (b) if applicable, the closing auction price relating to each Exchange Traded Fund;
- (ii) the failure to open for trading and the permanent discontinuance of trading in the Fund (in the case of an Exchange Traded Fund);
- (iii) any substantial limitation on trading in the Fund on the relevant exchanges (in the case of Exchange Traded Fund);
- (iv) any other event similar to the events set out above which makes it impossible or impracticable for the Calculation Agent to perform its duties pursuant to the Securities.

If the Calculation Agent determines a Market Disruption Event has occurred pursuant to 15(1)(F) (i), (ii), (iii) and (iv) above, then the Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine:

- (i) in the case of Securities relating to a single Fund, its good faith estimate value for that Fund on the Exchange Business Day on which the Market Disruption Event ceases, or
- (ii) in the case of Securities relating to a Basket of Funds:
  - (a) for the Basket Constituent(s) for which a Market Disruption Event has not occurred (if any), then the Calculation Agent will have the faculty to determine the value of such Basket Constituent(s) on the Exchange Business Day originally expected, or on that Exchange Business Day on which the Market Disruption Event ceases for all Basket Constituents;
  - (b) for the Basket Constituent(s) for which a Market Disruption Event has occurred, but it is not continuing on the Exchange Business Day on which the Market Disruption Event ceases for all Basket Constituents, the Calculation Agent will have the faculty to determine the value of such Basket Constituent(s) on the date on which the Market Disruption Event has ceased to occur for that single Basket Constituent(s), or on that Exchange Business Day on which the Market Disruption Event ceases for all Basket Constituents; or,

in all cases acting in good faith in order to determine its good faith estimate value of each Basket Constituent on the Exchange Business Day on which the Market Disruption Event ceases, using (where available) the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Fund.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

#### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(F), Market Disruption Events occurring on a Determination Date means the occurrence of a Market Disruption Event pursuant to (i) (ii), (iii) and (iv) above in 15(1)(F) on a Determination Date.

In such case:

- (i) if the Determination Date is in advance of the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption Event is continuing on all the Exchange Business Days following the Determination Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;
- (ii) if the Determination Date is in advance, following or on the Issue Date, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected.

If, on the Determination Date the Market Disruption Event is also continuing, the Calculation Agent, acting in good faith, will determine: (i) in the case of Securities relating to a single Fund, the Reference Value of the Fund for the purposes of determining the Initial Reference Value or (ii) in the case of Securities relating to a Basket of Funds, the Reference Value of the Basket Constituent, for the purposes of determining the Initial Reference Value of the Basket, in either case (x) on the basis of the Market Value of the Fund affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Fund, or (y) pursuant to the reasonable market practice.

If the determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days; and

- (iii) if, on a Determination Date before the Issue Date, the Calculation Agent determines that the Fund level is equal to or greater than the Maximum Level set out in the relevant Final Terms, then the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.

Investors will be notified of the occurrence of any event pursuant to (i), (ii) and (iii) of this 15(1)(F), by way of a notice published on the Issuer's web site <https://www.bancaimi.prodottiquotazioni.com/EN>.

#### **15(1)(G)Market Disruption Event in relation to Interest Rate Securities**

**Market Disruption Events occurring during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), and occurring at any time during the one hour period that ends at the time of the relevant determination and/or valuation made by the Calculation Agent on the relevant Exchange Business Day:**

For the purposes of this 15(1)(G), Market Disruption Events means:

- (i) the permanent discontinuance or the failure to publish, determine, substitute the Interest Rate, provided that if such failure is an Adjustment Event pursuant to the following 15(2), such event will be considered an Adjustment Event and not a Market Disruption Event; and
- (ii) any other event similar to the events set out above which makes it impossible or impracticable for the Calculation Agent to perform its duties pursuant to the Securities.

If the Calculation Agent determines **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates)**, that a Market Disruption Event has occurred pursuant to 15(1)(G) (i) and (ii) above, then the Calculation Agent shall identify in good faith and according to the best market practices a substitutive suitable Interest Rate for the purposes of such determination, or, in the event that no substitutive suitable Interest Rate can be validly identified, then the Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

In case of Securities relating to a Basket of Interest Rates if the Market Disruption Event has occurred but it is not continuing anymore for all Basket Constituent(s) before the eight Exchange Business Days from the Exchange Business Day originally expected, in order to determine the Reference Value of the Basket Constituent the Calculation Agent will have the faculty to determine the official level of each Basket Constituent(s):

- (a) on the relevant date on which the Market Disruption Event has ceased to occur for each single Basket Constituent, or
- (b) on the date on which the Market Disruption Event has ceased to occur for all Basket Constituents.

If, on the eight Exchange Business Day from the Exchange Business Day originally expected, the Market Disruption Event is continuing, then the Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine

- (i) in the case of Securities relating to a single Interest Rate, the official Reference Value of the Interest Rate, or
- (ii) in the case of Securities relating to a Basket of Interest Rates:
  - (a) for the Basket Constituent(s) for which a Market Disruption Event has not occurred (if any), then the Calculation Agent will have the faculty to determine the Reference Value of such Basket Constituent(s) on the Exchange Business Day originally expected, or on that eighth Exchange Business Day from the Exchange Business Day originally expected;
  - (b) for the Basket Constituent(s) for which a Market Disruption Event has occurred, but it is not continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the Reference Value of such Basket Constituent(s) on the date on which the Market Disruption Event has ceased to occur, or on that eighth Exchange Business Day from the Exchange Business Day originally expected; or
  - (c) for the Basket Constituent(s) for which a Market Disruption Event has occurred and it is continuing on the eight Exchange Business Days from the Exchange Business Day originally expected, the Calculation Agent will have the faculty to determine the Reference Value of each Basket Constituent on that eighth Exchange Business Day on which the Market Disruption Event occurred,

in all cases in accordance with the fair market value of the Interest Rate affected by the Market Disruption Event, using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Interest Rate.

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If the valuation/determination has been carried out in more than one Exchange Business Day and the disruption occurred in connection with just one of such days, the postponement will be carried out also in connection with the remaining Exchange Business Days.

#### **Market Disruption Events occurring on a Determination Date**

For the purposes of this 15(1)(G), Market Disruption Event occurring on a Determination Date means:

- (i) the occurrence of a Market Disruption Event pursuant to (i) and (ii) above in 15(1)(G) on a Determination Date. In such case, Determination Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Determination Date originally expected. However, where a Market Disruption Event is continuing on all the five Exchange Business Days following the Determination Date originally expected, the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled. Investors will be notified of the occurrence of such event by way of a notice published on the Issuer's web site <https://www.bancaimi.prodottiequotazioni.com/EN>, and
- (ii) if, on a Determination Date, the Calculation Agent determines that the Interest Rate level is equal to or greater than the Maximum Level set out in the relevant Final Terms. In such case, the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled. Investors will be

notified of the occurrence of such event by way of a notice published on the Issuer's web site <https://www.bancaimi.prodottiequotazioni.com/EN>.

#### **15(1)(H) Market Disruption Events in relation to Combined Securities**

For the purposes of this 15(1)(H) Market Disruption Event occurring respectively **during an Exchange Business Day within the Early Redemption Valuation Period, the Accumulating Valuation Period, the Digital Valuation Period, the Consolidation Valuation Period, the Extra Consolidation Digital Valuation Period, the Memory Valuation Period, the Coupon Determination Period, the Participation Valuation Period, the Participation Rebate Valuation Period, the Knock-out Valuation Period, the Knock-in Valuation Period, the Restrike Observation Period, the Switch Valuation Period or on a Valuation Date, Accumulated Valuation Date, Annual Valuation Date, Buffer Valuation Date, Call Valuation Date, Put Valuation Date, Strike Observation Date, or during an Exchange Business Day within the Barrier Event Determination Period or the Barrier Gap Observation Period (in the case of Gap Certificates), or on a Determination Date**, shall have the same meaning of the foregoing Market Disruption Events and will be considered in accordance with the underlyings which are relevant for each specific issue.

#### **15(2) Adjustment Events relating to the Underlying and correction provisions in relation to the Securities**

If the Underlying is affected by an Adjustment Event, the Issuer will intervene in order to procure that the economic value of the Securities following an Adjustment Event is equal, as far as possible, to the economic value of the Securities before the occurrence of the Adjustment Event.

If an Adjustment Event has occurred and its negative effects cannot be corrected, the Issuer may: (i) apply the provisions of Market Disruption Events as detailed under 15(1), or, as alternative, (ii) redeem the Securities early by paying an amount calculated on the basis of the market value of the Securities, as determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner. The payment will be made in accordance with the method of calculation notified to the investor on the Issuer's website.

#### **15(2)(A) Adjustment Events in relation to Index Securities**

For the purposes of this 15(2)(A), "**Adjustment Event**" means, in relation to an Index, the occurrence of one or more of the following events:

(a) *Calculation of the Index by a Successor Sponsor.*

If the Index Sponsor is replaced by a Successor Sponsor, the Index so calculated and announced by such Successor Sponsor will continue to be deemed as the single Underlying or the Basket Constituent.

(b) *Modification of the method of calculation of the Index or substitution with a Successor Index.*

If an Index Sponsor (or a Successor Sponsor, where applicable) substantially modifies the method of calculation of the Index or replaces the Index with a Successor Index, the Issuer may take one of the following actions which will be notified to the investor by way of a notice on its website:

- (i) the Index Sponsor (or the Successor Sponsor, where applicable) may modify or replace the method of calculation by using the same or a substantially similar formula in the calculation of the Index, so as to maintain continuity in the values of the Index before and after such amendment or replacement (using a connection coefficient) and



the Securities will not be affected by any correction and will have the modified Index (or the Successor Index, as the case may be) as the Underlying;

- (ii) the Index Sponsor (or the Successor Sponsor, where applicable) may modify or replace the method of calculation resulting in a substantial difference between the Index value (as single the Underlying or Basket Constituent) before and after such amendment or replacement, the Issuer may correct the Multiplier, using an adjustment coefficient as determined by the Index Sponsor, the Successor Sponsor or, failing this, by the Issuer. In the case of a Basket, such amendment or replacement (also following the correction of the Multiplier) will not affect the weighting of the Index as a Basket Constituent;
- (iii) if the Issuer, in relation to the procedure for the amendment or replacement and in relation to the modified Index or Successor Index, does not consider appropriate the method of calculation in (i) and (ii) for the purposes of the first paragraph of this 15(2)(A), the Issuer may redeem the Securities early under payment of an amount calculated on the basis of the market value of the Securities.

(c) *Cancellation or disruption of the Underlying Index (or the Index as Basket Constituent).*

If the Index Sponsor (or the Successor Sponsor, where applicable) (i) permanently cancels that Index or (ii) fails to calculate and announce that Index, the Issuer may replace the Index with another similar Index and, in the case of a Basket, with the same weighting of the Index which is a Basket Constituent. In accordance with the index types, the features that the Issuer will consider for the purposes of the replacement are the following:

- 1. in case of share indices:
  - (i) the connection with the same geographical area;
  - (ii) the connection with the same sector; and
  - (iii) the method of calculation of the Index;
- 2. in case of currency indices, a similar composition of the Index in relation to currency classes and such currency classes may include:
  - (i) U.S. dollar;
  - (ii) Euro;
  - (iii) emerging market countries;
  - (iv) Asian currencies; and
  - (v) high-yield currencies (for example, New Zealand dollar);
- 3. in case of bond indices:
  - (i) the rating;
  - (ii) the type of issuer (sovereign or not sovereign);
  - (iii) the connection with the same geographical area;
  - (iv) the connection with the same sector;
  - (v) the life of the bond composing the index; and
  - (vi) the type of yield of the bond composing the index (fixed-rate or floating-rate);
- 4. in case of commodity indices:
  - (i) the composition of the Index; and
  - (ii) the method of calculation of the Index;
- 5. in case of futures indices:
  - (i) the composition of the Index; and
  - (ii) the connection with the same sector;
- 6. in case of fund indices:

- (i) the connection with a monetary area;
  - (ii) the connection with the same geographical area;
  - (iii) the connection with the same sector; and
  - (iv) the method of calculation of the Index.
7. in case of inflation indices, the method of calculation of the Index and if the successor index cannot be determined pursuant to such parameter, the Calculation Agent will inquire five leading independent dealers to establish which index shall be the successor index.
8. in the case of volatility indices and interest rate indices, the composition of the Index.

If it is not possible to replace such Index, the Issuer may redeem the Securities early pursuant to the method set out above.

- (d) *Any other event affecting the economic value and, consequently, the market price of the Index.*

### **15(2)(B) Adjustment Events in relation to Share Securities**

For the purposes of this 15(2)(B), "**Adjustment Event**" means, in relation to a Share, one or more of the following events:

- (a) share splits and consolidations;
- (b) the increase of corporate capital transactions on a free basis and the increase of corporate capital transactions by way of issuance of new shares of the same class as those underlying the Securities;
- (c) the increase of corporate capital transactions by way of issuance of (i) new shares of a class different from those underlying the Securities, (ii) shares with Warrant, (iii) convertible bonds and (iv) convertible bonds with Warrant;
- (d) merger and de-merger transactions<sup>2</sup>;
- (e) payment of an extraordinary dividend or a spin-off;
- (f) any other event affecting the economic value and, consequently, the market price of the Share and/or the rights of the Shareholders.

The Issuer determines the method of correction so that the economic value of the Securities after the correction is equal, as far as possible, to the economic value of the Securities before the Adjustment Event has occurred.

In relation to a Basket, the correction is made so as to immunise the Basket performance on an Adjustment Event occurring, and as a consequence the performance of the Securities will be neutralised in relation to the Adjustment Event. In the case of:

- (i) a merger between two companies issuing Shares which are both Basket Constituents (and the shares of the company that arises from the merger remain listed), such Shares will be replaced within the Basket with the only Share of the company that arises from the merger and that Share will have a weighting equal to the sum of the weightings of the two Shares;
- (ii) a takeover, by way of tender offer, of the company issuing the Share which is a Basket Constituent, the price of such Share within the Basket is crystallised until the expiry date of the Securities and will remain equal to the value of the Share at the beginning of the tender offer;

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<sup>2</sup> For the purposes of a correction in relation to a de-merger, reference should be made to the listed share of the company that arises from the de-merger transaction.

- (iii) a default of a company issuing a Share which is a Basket Constituent (and the consequent delisting of such Share), the price of such Share will be equal to zero until the expiry date of the Securities; and
- (iv) a payment of an extraordinary dividend or a spin-off in relation to a Share which is a Basket Constituent, the Initial Reference Value of the Underlying will be corrected so the performance of the Share within the relevant Basket is held constant.

The correction, in relation to a single Adjustment Event, which may affect the Initial Reference Value of the Underlying and/or the Multiplier and/or the Share and/or other terms related to the Securities, is made according to the following criteria:

- (i) where an option contract is traded on the Share affected by the Adjustment Event on a Related Exchange, reference will be made to the criteria used by the Related Exchange to make the relevant corrections, possibly modified to consider the existing differences between the contractual features of the Securities and the option contracts;
- (ii) where there are no option contracts on the Share traded on a Regulated Exchange or in relation to which the Issuer does not consider that the method of correction is appropriate for the adjustment of the Securities, the terms and conditions of the Securities will be adjusted by the Issuer pursuant to international market practice.

In relation to such adjustments, Securityholders will be notified by the Issuer by way of a notice on the Issuer's website.

If an Adjustment Event has occurred, whose effects may not be neutralised by way of appropriate corrections to the Initial Reference Value and/or the Multiplier and/or the Share and/or other terms related to the Securities, the Issuer has the right but not the obligation to: (i) apply the provisions of the relevant Market Disruption Events as detailed under 15(1)(B), or, as alternative, (ii) redeem the Securities early, paying to each Securityholder, in respect of each Security, a cash amount calculated pursuant to the market value of the Securities, as determined by the Calculation Agent acting in good faith and considering the quoted prices of the Underlying during the eight days before the adjustment date, thereby discharging its contractual obligations pursuant to the Securities.

### **15(2)(C) Adjustment Events in relation to Commodity Securities**

For the purposes of this 15(2)(C), "**Adjustment Event**" means, in relation to a Commodity, one or more of the following events:

- (a) the Commodity traded on the Reference Source is a different quality or another composition (for example, in a different degree of purity);
- (b) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;
- (c) options contracts or futures contracts on or relating to the Commodity as traded on any Related Exchange are altered in the manner described under (a) and (b) above; and
- (d) any other event affecting the economic value and, consequently, the market price of the Commodity,

and whether or not any event or measure is an Adjustment Event shall be conclusively determined in good faith by the Calculation Agent.

The Adjustment Event shall be treated as a Market Disruption event and paragraph 15 (1)(C) shall apply.

#### **15(2)(D) Adjustment Events in relation to Future Contracts Securities.**

For the purposes of this 15(2)(D), "**Adjustment Event**" means, in relation to a Future Contract, one or more of the following events:

(a) *Calculation of the Future Contract by a third party*

If the price of the Future Contract starts to be calculated and published by an entity other than the Reference Source (the "**Other Entity**"), the Underlying of the Securities will remain as the Future Contract selected as such, as calculated by the Other Entity.

The Securityholders will be notified of the identity of the Other Entity, the terms of the calculation and the publication of the Future Contract as calculated by the Other Entity, within eight Business Day after the appointment of such Other Entity, by way of a notice on the Issuer's website.

(b) *Modification of the features of the Future Contract*

If the Reference Source or the Other Entity substantially modifies the features of the Future Contract, including, without limitation, the formula or the method of calculation of the Reference Value, the content, composition or constitution of the underlying of the Future Contract or replaces the Future Contract with a new asset, the following may occur:

- (i) if the Reference Source (or the Other Entity, where applicable) modifies or replaces so as to maintain continuity in the values of the Future Contract before and after such amendment or replacement (using a connection coefficient), the Securities will not be affected by any correction and will have the modified Future Contract as the Underlying;
- (ii) if the Reference Source (or the Other Entity, where applicable) makes the modification or replacement resulting in a substantial difference in the value of the Future Contract before and after such modification or replacement, the Calculation Agent will correct the Multiplier (and/or the Initial Reference Value of the Underlying and/or other terms related to the Securities), so that the economic value of the Future Contract is maintained constant, using an adjustment coefficient as calculated by the Reference Source of the Future Contract or, failing this, as deemed appropriate by the Calculation Agent, acting in its reasonable discretion and in good faith, also considering the market practice. In the case of a Basket of Future Contracts, such modification or replacement will not affect the weighting of the Future Contract as a Basket Constituent; and
- (iii) if the Calculation Agent determines that the effects of the modification or replacement cannot be deleted by way of the procedure set out in (ii) above, the Issuer will be entitled to perform its obligations pursuant to the Securities in accordance with the following paragraph.

(c) *Cessation of the calculation of the Future Contract*

If the Reference Source or the Other Entity ceases to calculate or publish the Future Contract without calculating or publishing a new Future Contract, the Issuer may perform its obligations pursuant to the Securities paying to the Securityholders an amount representing the market value of the Securities.

(d) *Any other event affecting the economic value and, consequently, the market price of the Future Contract.*

The Securityholders will be notified of the market value of the Securities and the relevant method of payment, by way of a notice on the Issuer's website.

#### **15(2)(E) Adjustment Events in relation to Exchange Rate Securities**

For the purposes of this 15(2)(E), "**Adjustment Event**" means, in relation to an Exchange Rate, the one or more of the following events:

(a) *Adjustments*

If a Second Currency is in the country (or countries) or jurisdiction (or jurisdictions) maintaining the authority, institution or other body which issues such Reference Currency, replaced in its function as legal tender by another currency or merged with another currency to become a common currency (such replacement or merged currency the "**New Reference Currency**") and the provisions of the following paragraph "Early Termination Event" do not apply, such Second Currency shall, within the Exchange Rate, be replaced by the New Reference Currency (such exchange rate the "**New Rate of Exchange**"), provided that the New Exchange Rate shall be calculated on the basis of the number of units of the New Reference Currency determined by the conversion of the number of units of the Second Currency used for the determination of the previous Exchange Rate into the New Reference Currency using the exchange rate applicable to such conversion, all of which is determined by the Calculation Agent; and

(b) *Early Termination Events*

- (i) If a Reference Currency ceases, for any reason, to be legal tender in the country (or countries) or jurisdiction (or jurisdictions), maintaining the authority, institution or other body which issues such Reference Currency, and the provisions of the previous paragraph "Adjustments" do not apply, or if an adjustment in accordance with the previous paragraph is, as determined by the Calculation Agent, for any reason not possible or not reasonably practical; or
- (ii) where the Reference Source for any Exchange Rate is an exchange, trading system or quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, the exchange rate between the relevant First Currency and Second Currency ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent ("**Cessation of Trading**"),

the Issuer will have the right, but not the obligation, to cancel the Securities by giving notice to the Securityholders through the Issuer's website. The Issuer may discharge its obligations pursuant to the Securities paying an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of the Securities, as determined in good faith by the Calculation Agent.

The Securityholders will be notified of the market value of the Securities and the relevant method of payment, by way of a notice on the Issuer's website.

## **15(2)(F) Adjustment Events in relation to Fund Securities**

### **Terms**

"**Insolvency**" means that, by reason of voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Fund, (i) all of the shares of that Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares of that Fund become legally prohibited from transferring them.

"**Nationalization**" means that the Fund or all or substantially all the assets of a Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

### **Adjustment Events and replacement of the Fund or redemption of the Securities**

For the purposes of this 15(2)(F), "**Adjustment Event**" means, in relation to a Fund, one or more of the

following events:

- (a) Nationalization;
- (b) Insolvency;
- (c) the Fund (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), or (ii) makes a general assignment or arrangement with or for the benefit of its creditors, or the Fund institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking judgement of insolvency or bankruptcy or any other similar relief, or (iii) has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other similar relief, (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets, (v) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter, or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction has an analogous effect to any of the events specified in clauses from (i) to (v) above;
- (d) the net asset value of the Fund has decreased by an amount considered reasonably significant by the Issuer in good faith, or the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgement of any court or other agency of government applicable to it or any of its assets, the Fund documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (e) the resignation, termination, or replacement of its Fund adviser or (ii) the resignation, termination, death or replacement of any key person as specified;
- (f) any change or modification of the related documents that could reasonably be expected to affect the value of such Fund;
- (g) means any breach or violation of any strategy or investment guidelines stated in the related Fund documents that is reasonably likely to affect the value of such Fund or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (h) (i) cancellation, suspension or revocation of the registration or approval of the Fund by any governmental, legal or regulatory entity with authority over such Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Fund or its Fund adviser that is reasonably likely to have an adverse impact on the value of such Fund or on any investor therein, or (iii) the Fund or any of its Fund administrator or Fund adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund administrator or Fund adviser;
- (i) (i) occurrence of any event affecting such Fund that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund, and such event continues for at least the foreseeable future; (ii) any failure of the Fund to deliver, or cause to be delivered, (A) information, if any that such Fund has agreed to deliver, or (B) information that has been previously delivered, as applicable, in

accordance with such Fund, or its authorized representative's, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund;

- (j) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal to hold, acquire or dispose of the interest issued or held in the Fund, or (B) it will incur a materially increased cost in performing its obligations with respect to the interest issued or held in the Fund (including, without limitation, due to any increase in tax liability, decrease in tax benefit of other adverse effect on its tax position);
- (k) means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any interest issued or held in the Fund of entering into and performing its obligations with respect to the relevant Fund Security, or (ii) realize, recover or remit the proceeds of any such transaction (s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an increased cost of hedging pursuant to this clause k); and
- (l) any day, a failure by the Fund to pay the full amount (whether expressed as a percentage or otherwise) of the redemption proceeds calculated by the Calculation Agent that would be paid;
- (m) any other event affecting the economic value and, consequently, the market price of the Fund;
- (n) the total exposure of the Issuer with respect to the Fund on any Exchange Business Day is higher than a specific threshold amount (the "**Threshold**") determined by the Calculation Agent and notified to Securityholders on the Issuer's website. In the absence of any notice, the Threshold shall be considered as equal to 22.00% of the aggregate net asset value of the relevant Fund on the relevant Exchange Business Day.

Following the occurrence of an Adjustment Event pursuant to (a), (b), above in relation to a Fund, the Issuer redeems the relevant Securities through a notice published on its website. In this case, the Issuer will pay to the Securityholders the market value of the Securities, as determined by the Calculation Agent.

Adjustment Events pursuant to (c), (d), (e), (f), (g), (h), (i), (j), (k), (l) and (m) above shall be treated as Market Disruption Events and paragraph 15 (1) (F) shall apply.

Following the occurrence of the Adjustment Event pursuant to (n), the Calculation Agent has the faculty but not the obligation to, alternatively:

- (i) identify a new Fund in respect of which an Adjustment Event has not occurred. Following the identification of the new fund by the Calculation Agent, Securityholders will be notified by the Calculation Agent by way of a notice on the Issuer's website. The new Fund will replace the Fund affected by the Adjustment Event pursuant to (n) with effect from the release of the relevant substitution notice on the Issuer's website. The Calculation Agent will make the corrections which will be appropriate in its opinion, acting in a commercially reasonable manner, to any variable, method of calculation or evaluation or other relevant parameter pursuant to the Securities, in order to affect such substitution, or

- (ii) take any necessary action to reduce Issuer's exposure in order that the total exposure of the Issuer shall be comprised below the Threshold, including the faculty for the Issuer to redeem the relevant Securities through a notice published on its website.

#### **15(2)(G) Adjustment Events in relation to Interest Rate Securities**

For the purposes of this 15(2)(G), "**Adjustment Event**" means, in relation to an Interest Rate, one or more of the following events:

- (i) the Interest Rate is no longer calculated by the relevant Entity in charge for the calculation, but by another entity which has replaced the Entity in charge of the calculation. In such case, the Settlement Amount will be determined according to the Reference Value of the Interest Rate as determined and published by the new entity, and each reference to the Entity in charge for the calculation shall be deemed as a reference, where applicable, to the new entity; and
- (ii) the Interest Rate is cancelled or replaced, and, in the reasonable opinion of the Issuer, it is not possible to determine a new Interest Rate. In such case, the Issuer and an expert appointed by the Issuer will continue to calculate and publish the Interest Rate pursuant to the previous system and to the last level calculated.

#### **15(2)(H) Adjustment Events in relation to Combined Securities**

For the purposes of this 15(2)(H), "**Adjustment Event**" means the occurrence of one or more of the events set out above in relation to the other types of Security, in accordance with the specific underlying assets which are relevant from time to time in relation to each issue.

### **16. Adjustments for European Monetary Union**

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with Condition 9 (*Notices*):

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

The election will have effect as follows:

- (A) where the Settlement Currency of the Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
- (B) where the Exchange Rate and/or any other terms of these Conditions (as amended or supplemented in the applicable Final Terms) are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, euro at the Established Rate; and
- (C) such other changes shall be made to these Conditions (as amended or supplemented in the applicable Final Terms) as the Issuer may decide, in its sole and absolute



discretion to conform them to conventions then applicable to instruments expressed in euro; and/or

- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Exercise Price and/or the Settlement Price and/or any other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent, in its sole and absolute discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Exercise Price and/or the Settlement Price and/or such other terms of these Conditions and/or the applicable Final Terms).

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

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

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

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

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

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

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

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

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

## **18. Exercise Rights for Warrants**

*Conditions 18, 19 and 20 shall apply only to Warrants*

(A) *Exercise Period*

(i) American Style Warrants

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period by the delivery of an Exercise Notice in the manner set out in Condition 18(A).

If Automatic Exercise is not specified in the applicable Final Terms, any such American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in

Condition 19(A), at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the last Exercise Business Day of the Exercise Period (the **Expiration Date**), shall become void.

If Automatic Exercise is specified as applicable in the Final Terms, any such American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 19(A), at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Expiration Date and which is in the determination of the Calculation Agent "In-The-Money" shall be automatically exercised on the Expiration Date and the provisions of Condition 19(G) shall apply, provided the relevant Warrant is not a Definitive Warrant. The expressions **exercise, due exercise** and related expressions shall be construed to apply to any Warrants which are automatically exercised on the Expiration Date in accordance with this provision.

With respect to an American Style Warrant, the **Actual Exercise Date** means (a) the Exercise Business Day during the Exercise Period on which an Exercise Notice in respect of an American Style Warrant is delivered to Euroclear and/or Clearstream, Luxembourg with a copy to the Issuer and the Principal Security Agent as provided in Condition 19(A), at or prior to 10.00 a.m. Brussels or Luxembourg time, as appropriate, or (b) if Automatic Exercise is specified in the applicable Final Terms and no Exercise Notice has been delivered in accordance with the preceding paragraph (a), the Expiration Date. If any Exercise Notice in respect of an American Style Warrant is received by Euroclear and/or Clearstream, Luxembourg, or a copy thereof is delivered to the Issuer or the Principal Security Agent after 10.00 a.m. Brussels or Luxembourg time, as appropriate, on any Exercise Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 19(A) at or prior to 10.00 a.m. Brussels or Luxembourg time (as appropriate) on the Expiration Date shall (i) if Automatic Exercise is not specified in the applicable Final Terms, become void or (ii) if Automatic Exercise is specified in the applicable Final Terms, be automatically exercised on the Expiration Date as provided above.

In respect of Italian Listed Warrants, prior to the Renouncement Notice Cut-off Time indicated in the relevant Final Terms, the Securityholder may renounce any Automatic Exercise of such Warrant by the delivery or the sending by authenticated swift message (confirmed in writing) of a duly completed Renouncement Notice, which shall be substantially in the form set out in the Agency Agreement and copies of which may be obtained from the specified office of the Security Agents and the registered office of the Issuer (a **Renouncement Notice**), to the relevant Clearing System, with a copy to the Principal Security Agent and the Issuer, in compliance with the laws and regulation, including the regulations of the Italian Stock Exchange, applicable from time to time. If a duly completed Renouncement Notice is delivered or sent in compliance with the above, the relevant Securityholder will not be entitled to receive any amounts payable by the Issuer in respect of the relevant Italian Listed Warrants and the Issuer shall have no further liabilities in respect of such amounts.

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

- (ii) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date or if such day is not an Exercise Business Day the immediately succeeding Exercise Business Day (the **Actual Exercise Date** and the **Expiration Date**).

If Automatic Exercise is not specified in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 19(A), at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the Actual Exercise Date, shall become void.

If Automatic Exercise is specified in the applicable Final Terms, any such European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 19(A), at or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Actual Exercise Date and which is in the determination of the Calculation Agent "In-The-Money", shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 19(G) shall apply, provided the relevant Warrant is not a Definitive Warrant. The expressions exercise, due exercise and related expressions shall be construed to apply to any Warrants which are automatically exercised on the Actual Exercise Date in accordance with this provision.

In respect of Italian Listed Warrants, prior to the Renouncement Notice Cut-off Time indicated in the relevant Final Terms, the Securityholder may renounce any Automatic Exercise of such Warrant by the delivery or the sending by authenticated swift message (confirmed in writing) of a duly completed Renouncement Notice to the relevant Clearing System, with a copy to the Issuer and the Principal Security Agent, in compliance with the laws and regulation, including the regulations of the Italian Stock Exchange, applicable from time to time.

If a duly completed Renouncement Notice is delivered or sent in compliance with the above, the relevant Security Holder will not be entitled to receive any amounts payable by the Issuer in respect of the relevant Italian Listed Warrants and the Issuer shall have no further liabilities in respect of such amounts. Once delivered a Renouncement Notice shall be irrevocable. Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by the relevant Clearing System in consultation with the Principal Security Agent and shall be conclusive and binding on the Issuer, the Security Agents, the Calculation Agent and the relevant Securityholder. Subject as set out below, any Renouncement Notice so determined to be incomplete or not in proper form or which is not duly delivered shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of the relevant Clearing System, in consultation with the Issuer and the Principal Security Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered the relevant Clearing System and copied to the Issuer and the Principal Security Agent.

(B) *Cash Settlement*

If the Warrants are Cash Settled Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon payment of the Premium in accordance with Condition 19(A) to receive from the Issuer on the Settlement Date the Cash Settlement Amount.

(C) *Physical Settlement*

If the Warrants are Physical Delivery Securities, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder, upon due exercise and subject as provided in Condition 4, to receive the Entitlement from the Issuer on the Settlement Date, subject to payment of the relevant Premium, any Expenses and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Warrants or Units, as the case may be, exercised at the same time by the same Securityholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be, provided that the aggregate Entitlements in respect of the same Securityholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and a cash adjustment amount calculated by the Calculation Agent will be paid in lieu of such fractions of the Relevant Asset. Any such cash adjustment amount will be paid to the account specified in the relevant Exercise Notice.

Following exercise of a Share Security which is a Physical Delivery Warrant, all dividends on the Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares, all as determined by the Calculation Agent. Any such dividends to be paid to a Securityholder will be paid to the account specified by the Securityholder in the relevant Exercise Notice as referred to in Condition 19(A)(1)(v).

## **19. Exercise Procedure**

### **(A) Exercise Notice**

Warrants may only be exercised by the delivery or the sending by authenticated swift message (confirmed in writing) to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Security Agent and the Issuer, of a duly completed exercise notice (an Exercise Notice) in the form set out in the Agency Agreement (copies of which form may be obtained from Euroclear, Clearstream, Luxembourg and the Security Agents) in accordance with the provisions set out in Condition 18 and this Condition. If the relevant Warrant is in definitive form, such Warrant must be delivered, together with the Exercise Notice, to the Issuer and with a copy to the Principal Security Agent.

#### **(1) An Exercise Notice shall:**

- (i)** specify the series of the Warrants and the number of Warrants or Units the subject of such Notice;
- (ii)** except in the case of Definitive Warrants, specify the number of the Securityholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants the subject of such Exercise Notice;
- (iii)** except in the case of Definitive Warrants, irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Securityholder's account with the Warrants the subject of such Exercise Notice;
- (iv)** include (A) an undertaking to pay all Expenses and, in the case of Physical Delivery Warrants, the Premium in respect of the relevant Warrants or Units (together with any other amounts payable); and (B) an authorisation to the Issuer to deduct any Expenses from the Cash Settlement Amount, in the case of Cash Settled Warrants, or, in the case of Physical Delivery Warrants, an irrevocable instruction to Euroclear or Clearstream, Luxembourg, as the case may be (or to the Principal Security Agent, in the case of Definitive Warrants), to debit a specified account of the Securityholder at Euroclear or Clearstream, Luxembourg (or such other specified account of the Securityholder, in the case of Definitive Warrants) with the Premium and any Expenses (together with any other amounts payable);

- (v) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of a Definitive Warrant, at a bank in the principal financial centre of the relevant Settlement Currency to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any cash adjustment amount paid in lieu of fractions of the Relevant Asset or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or, if applicable, a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Settlement Disruption Amount or Failure to Deliver Settlement Price;
- (vi) in the case of Warrants having Exchange Rate as Underlying only, specify the number of the Securityholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of a Definitive Warrant, at a bank in the principal financial centre of the relevant Settlement Currency to be credited with the amount due upon exercise of the Warrants;
- (vii) in the case of Cash Settled Warrants which are Definitive Warrants only, specify the details of an account in the principal financial centre of the relevant Settlement Currency to be credited with the Cash Settlement Amount for each Warrant or Unit, as the case may be, being exercised;
- (viii) certify, *inter alia*, that the beneficial owner of each Warrant the subject of such Exercise Notice is not a U.S. person (as defined in the Exercise Notice), the Warrant was not held on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with such exercise and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States as set out in the applicable Final Terms; and
- (ix) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

- (2) If Condition 4(C) applies, the form of Exercise Notice required to be delivered may be different from that set out above. Copies of such Exercise Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Security Agents.

(B) *Verification of the Securityholder*

Except in the case of an Exercise Notice submitted in respect of a Definitive Warrant, upon receipt of an Exercise Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person exercising the Warrant is the holder thereof according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Security Agent the series and the number of Warrants being exercised, the relevant account details (if applicable) for payment of the Cash Settlement Amount or the details for the delivery of the Entitlement, as the case may be, in respect of each Warrant or Unit the subject of the relevant Exercise Notice. Upon receipt of such confirmation, the Principal Security Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the account of the relevant Securityholder with the Warrants the subject of the relevant Exercise Notice.

(C) *Cash Settled Warrants*

Subject as provided in this Condition 19, the Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be, 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 appropriate).

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 number of Warrants must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment.

Payments will be subject in all cases to any fiscal or any other laws and regulations applicable thereto in the place of payment.

(D) *Physical Delivery Warrants*

Subject to payment of the Premium and any Expenses with regard to the relevant Warrants or Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant or Unit, subject as provided in Condition 4(C). The Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

(E) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Principal Security Agent, and shall be conclusive and binding on the Issuer, the Security Agents, the Calculation Agent and the relevant Securityholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form or which is not duly delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) and copied to the Issuer and the Principal Security Agent (or, in the case of Definitive Warrants, is not duly delivered to the Issuer together with the relevant Definitive Warrant(s) and copied to the Principal Security Agent), shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Euroclear and/or Clearstream, Luxembourg (as appropriate), in consultation with the Issuer and the Principal Security Agent (or, in the case of Definitive Warrants, to the satisfaction of the Issuer in consultation with the Principal Security Agent), it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Euroclear and/or Clearstream, Luxembourg, as the case may be, and copied to the Issuer and the Principal Security Agent (or, in the case of Definitive Warrants, to the Issuer and copied to the Principal Security Agent).

**If Automatic Exercise is not specified in the applicable Final Terms, any Warrants with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 18(A)(i), in the case of American Style Warrants, or Condition 18(A)(ii), in the case of European Style Warrants, shall become void.**

Euroclear and/or Clearstream, Luxembourg, as applicable (or, in the case of Definitive Warrants, the Issuer) shall use its best efforts promptly to notify the Securityholder submitting an Exercise Notice if, in consultation with the Issuer and/or the Principal Security Agent (as applicable), it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Security Agents, Euroclear, Clearstream, Luxembourg and the Calculation Agent shall be liable to any person with respect to any action taken or omitted to be

taken by it in connection with such determination or the notification of such determination to a Securityholder.

(F) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Securityholder may not transfer such Warrants.

(G) *Failure to deliver an Exercise Notice*

This paragraph only applies if (i) Automatic Exercise is specified in the applicable Final Terms and Warrants are automatically exercised as provided in Condition 18(A)(i) or Condition 18(A)(ii); and (ii) provided the relevant Warrant is not a Definitive Warrant.

(i) *Cash Settled Warrants*

In the event that a Warrantholder does not, in respect of a Cash Settled Warrant to which this Condition 19(G) applies, deliver an Exercise Notice in accordance with Condition 19(A) above on or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Expiration Date, the provisions of Condition 19(C) shall nevertheless apply as if such Warrant or Unit had been duly exercised on such date.

(ii) *Physical Delivery Warrants*

In the event that a Warrantholder does not, in respect of a Physical Delivery Warrant to which this Condition 19(G) applies, deliver an Exercise Notice in accordance with Condition 19(A) above on or prior to 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Expiration Date, the Issuer shall as soon as reasonably practicable determine the Assessed Value Payment Amount and in respect of the relevant Warrant or Unit, as the case may be, shall pay or cause to be paid the Assessed Value Payment Amount by credit or transfer to the relevant Securityholder's account with Euroclear or Clearstream, Luxembourg (such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be) as soon as reasonably practicable following the determination of the Assessed Value Payment Amount. Upon payment of the Assessed Value Payment Amount as aforesaid, the Issuer's obligations in respect of such Warrant or Unit shall be discharged. Payments will be subject in all cases to any fiscal or any other laws and regulations applicable thereto in the place of payment.

As used herein, **Assessed Value Payment Amount** means an amount determined by the Calculation Agent to be the fair market value of the Relevant Assets comprised in the Entitlement in respect of the relevant Warrant or Unit, less any Expenses and any other amounts payable.

(H) *Settlement provisions for Definitive Warrants*

In the event that any Definitive Warrants have been issued prior to the Expiration Date, the Issuer shall, on or prior to the Expiration Date, notify Securityholders in accordance with Condition 9 (*Notices*) of the procedure to be followed in order to receive any Cash Settlement Amount or Assessed Value Payment Amount that may be payable upon Automatic Exercise.

(I) *Exercise Risk*

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, any of its Affiliates, the Security Agents and the Calculation Agent shall incur any liability whatsoever if it is unable to effect the transactions

contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, any of its Affiliates, the Security Agents and the Calculation Agent shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Warrants.

## **20. Minimum and Maximum Number of Warrants Exercisable**

### **(A) American Style Warrants**

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Securityholder on any Actual Exercise Date, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Securityholder or a group of Securityholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the Quota), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Securityholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

### **(B) European Style Warrants**

This paragraph (B) applies only to European Style Warrants.

The number of Warrants exercisable on behalf of any Securityholder on any Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any exercise which purports to exercise Warrants in breach of this provision shall be void and of no effect.

## **21. Exercise of Certificates**

***Conditions 21 and 22 shall only apply to Certificates***

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

Each Certificate shall be automatically exercised on the Exercise Date and settled in accordance with Condition 21 (*Exercise of Certificates*), unless and Early Redemption Event occurred, if applicable, or a Call Option is exercised by the Issuer (if applicable), or a Put Option is exercised by the investor (if applicable) or an Open End Feature is applicable (only in case of Benchmark Certificates), as specified in the relevant Final Terms.



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

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

(B) *Exercise Date in case of Open End Feature or if a Call Option or Put Option is specified as applicable in the relevant Final Terms*

If, in case of Benchmark Certificates, Open End Feature is specified as applicable in the relevant Final Terms, no Exercise Date will be provided and the Certificates may only be redeemed upon exercise of the Call Option by the Issuer (on a Call Valuation Date), or the exercise of the Put Option by the investor (on a Put Valuation Date).

Exercise following the Call Option or the Put Option may be applicable also if an Exercise Date is provided, if so specified in the relevant Final Terms. Certificates will be considered exercised on the relevant Call Exercise Date or Put Exercise Date, as the case may be and in accordance with the relevant Final Terms.

(i) *Exercise of the Call Option by the Issuer*

For the purposes of the Exercise of the Call Option during a specified Call Notice Period, the Issuer shall communicate the intention of exercise the Call Option to the relevant Stock Exchange and publish a notice to the Securityholders on its website by the Call Notice Period established in the relevant Final Terms. Such notice will be irrevocable and shall indicate the Call Exercise Date (corresponding to the relevant Call Valuation Date indicated in the Final Terms) on which investors exercise the Certificates.

(ii) *Exercise of the Put Option by the investor (if applicable)*

Differently, for the purposes of the Exercise of the Put Option during a specified Put Notice Period, the investor shall send to the Issuer a Put Option Exercise Notice – drawn up, in order to be valid, in accordance with the form provided on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN> – during the period from the first Business Day of the Put Notice Period until 17:00 CET on the last Business Day of the Put Notice Period, in relation to each Put Exercise Date, as indicated in the relevant Final Terms. The time indicated on the copy printed by the receiving machine will be considered for the purposes of the Exercise of the Put Option. The Put Option Exercise Notice is irrevocable and

shall indicate the Put Exercise Date (corresponding to the relevant Put Valuation Date indicated in the Final Terms) on which investors exercise the Certificates and the relevant ISIN code. The Put Option Exercise Notice shall be carried out in relation to a number of Certificates, in the same series, equal to the Minimum Exercise Amount or to an integer multiple of that number. Any Put Option Exercise Notice, which has not been sent pursuant to this paragraph and within the terms specified in the relevant Final Terms and/or has not been received by the Issuer within the time specified above, will not be considered valid. Once the Put Option Exercise Notice is delivered, the Certificates in respect of which the Put Option has been exercised shall not be transferred to third parties.

(C) *Cash Settlement*

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

(D) *Physical Settlement*

If the Certificates (**Physical Delivery Certificates**) are Physical Delivery Securities, each such Certificate entitles its holder, subject to the provisions of Condition 22(A), to receive from the Issuer on the Settlement Date the Entitlement, subject to payment of any Expenses. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, Certificates of the same Securityholder automatically exercised and in respect of which, if so specified in the applicable Final Terms, a Physical Delivery Confirmation Notice (as defined below) has been duly given as provided in Condition 22(A), will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates, provided that the aggregate Entitlements in respect of the same Securityholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and a cash adjustment amount calculated by the Calculation Agent will be paid in lieu of such fractions of the Relevant Asset. Any such cash adjustment amount will be paid to the account specified in the relevant Exercise Notice.

Following exercise of a Share Security which is a Physical Delivery Certificate, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the Exercise Date and to be delivered in the same manner as such relevant Shares, all as determined by the Calculation Agent. Any such dividends to be paid to a Securityholder will be paid to the account specified by the Securityholder in the relevant Physical Delivery Confirmation Notice (if applicable) as referred to in Condition 22(A)(1)(v).

## 22. **Physical Delivery Confirmation Notices and Settlement**

(A) *Physical Delivery Confirmation Notice Requirement*

If so specified in the applicable Final Terms, in the case of Physical Delivery Certificates, in order to obtain delivery of the Entitlement the relevant Securityholder must deliver or send by authenticated swift message (confirmed in writing) to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Principal Security Agent and the Issuer not later than 10.00 a.m. Brussels or Luxembourg time (as appropriate) on the Exercise Date a duly completed physical delivery confirmation notice (a **Physical Delivery Confirmation Notice**) in the form set out in the Agency Agreement (copies of which form may be obtained from Euroclear or Clearstream, Luxembourg or the

Security Agents) in accordance with the provisions set out in this Condition. If the relevant Certificate is in definitive form, such Certificate must be delivered, together with the Physical Delivery Confirmation Notice, to the Issuer and with a copy to the Principal Security Agent.

- (1) The Physical Delivery Confirmation Notice shall:
- (i) specify the series of the Certificates and the number of Certificates the subject of such Physical Delivery Confirmation Notice;
  - (ii) except in the case of Definitive Certificates, specify the number of the Securityholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Certificates the subject of such Physical Delivery Confirmation Notice;
  - (iii) except in the case of Definitive Certificates, irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Securityholder's account with the Certificates the subject of such Physical Delivery Confirmation Notice;
  - (iv) include an undertaking to pay all Expenses and, except in the case of Definitive Certificates, an authority to Euroclear or Clearstream, Luxembourg, as the case may be, to debit a specified account of the Securityholder at Euroclear or Clearstream, Luxembourg, in respect thereof;
  - (v) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of a Definitive Certificate, at a bank in the principal financial centre of the relevant Settlement Currency to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any cash adjustment amount paid in lieu of fractions of the Relevant Asset or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Settlement Disruption Amount or Failure to Deliver Settlement Price, as the case may be;
  - (vi) in the case of Certificates having Exchange Rate as Underlying only, specify the number of the Securityholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, or, in the case of a Definitive Certificate, at a bank in the principal financial centre of the relevant Settlement Currency to be credited with the amount due upon exercise of the Certificates;
  - (vii) certify, *inter alia*, that the beneficial owner of each Certificate the subject of such Physical Delivery Confirmation Notice is not a U.S. person (as defined in the Physical Delivery Confirmation Notice), the Certificate was not held on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with such exercise and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States as set out in the applicable Final Terms; and

- (viii) authorise the production of the Physical Delivery Confirmation Notice in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

- (2) If Condition 4(C) applies, the form of Physical Delivery Confirmation Notice required to be delivered may be different from that set out above. Copies of such Physical Delivery Confirmation Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Security Agents.

(B) *Verification of the Securityholder*

Except in the case of a Physical Delivery Confirmation Notice submitted in respect of a Definitive Certificate, upon receipt of a Physical Delivery Confirmation Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person exercising the Certificates is the holder thereof according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Security Agent the series and the number of Certificates being exercised and the details for the delivery of the Entitlement in respect of each Certificate the subject of the relevant Physical Delivery Confirmation Notice. Upon receipt of such confirmation, the Principal Security Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the account of the relevant Securityholder with the Certificates the subject of the relevant Physical Delivery Confirmation Notice.

(C) *Cash Settled Certificates*

Subject as provided in this Condition 21, the Issuer shall pay or cause to be paid the relevant amount(s) (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 provided that in the case of Registered Securities, such payment shall be made in accordance with Condition 22(H) (*Settlement provisions for Registered Certificates*).

In case of Securities which are not Registered Securities, the Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction (including Section 871(m)), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

(D) *Physical Delivery Certificates*

Subject to payment of any Expenses with regard to the relevant Certificates, the Issuer shall, on the Settlement Date, deliver, or procure the delivery of, the Entitlement for each Certificate in respect of which a valid Physical Delivery Confirmation Notice, if applicable pursuant to the relevant Final Terms, has been delivered as provided in Condition 22(A) (*Physical Delivery Confirmation Notice Requirement*) pursuant to the details specified in the Physical Delivery Confirmation Notice, subject as

provided in Condition 4(C). The Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

If the Physical Delivery Confirmation Notice is applicable pursuant to the relevant Final Terms, in the event that no valid Physical Delivery Confirmation Notice has been duly delivered at or prior to 10.00 a.m. (Brussels or Luxembourg time, as the case may be) on the Exercise Date, the provisions of Condition 22(F) (*Failure to deliver a Physical Delivery Confirmation Notice*) below shall apply.

(E) *Determinations*

Any determination as to whether a Physical Delivery Confirmation Notice, if applicable, is duly completed and in proper form shall be made by the Principal Security Agent, and shall be conclusive and binding on the Issuer, the Security Agents, the Calculation Agent and the relevant Securityholder. Subject as set out below, any Physical Delivery Confirmation Notice so determined to be incomplete or not in proper form or which is not duly delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) and copied to the Issuer and the Principal Security Agent (or, in the case of Definitive Certificates, which is not duly delivered to the Issuer together with the relevant Definitive Certificate(s) and copied to the Principal Security Agent) shall be null and void.

If such Physical Delivery Confirmation Notice is subsequently corrected to the satisfaction of Euroclear and/or Clearstream, Luxembourg, in consultation with the Issuer and the Principal Security Agent (or, in the case of Definitive Certificates, to the satisfaction of the Issuer in consultation with the Principal Security Agent), it shall be deemed to be a new Physical Delivery Confirmation Notice submitted at the time such correction was delivered to Euroclear or Clearstream, Luxembourg, as the case may be, and copied to the Issuer and the Principal Security Agent (or, in the case of Definitive Certificates, to the Issuer and copied to the Principal Security Agent).

Euroclear and/or Clearstream, Luxembourg, as applicable, (or, in the case of Definitive Certificates, the Issuer) shall use its best efforts promptly to notify the Securityholder submitting a Physical Delivery Confirmation Notice if, in consultation with the Issuer and/or the Principal Security Agent (as applicable), it has determined that such Physical Delivery Confirmation Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Security Agents, Euroclear, Clearstream, Luxembourg and the Calculation Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

(F) *Delivery of a Physical Delivery Confirmation Notice*

After the delivery of a Physical Delivery Confirmation Notice, the relevant Securityholder may not transfer Certificates the subject of such notice.

(G) *Failure to deliver a Physical Delivery Confirmation Notice*

Provided that the relevant Certificates are not Definitive Certificates, in which case the provisions of Condition 22(I) (*Settlement provisions for Definitive Certificates*) will apply, in the event that a Certificateholder does not, in respect of a Physical Delivery Certificate, deliver or procure delivery of a Physical Delivery Confirmation Notice as set out above, prior to 10.00 a.m., Brussels or Luxembourg time, on the Exercise Date, the Issuer shall as soon as reasonably practicable determine the Assessed Value Payment Amount and in respect of such Certificate shall pay or cause to be paid the Assessed Value Payment Amount by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg as soon as reasonably practicable following the determination of the Assessed Value Payment Amount. Upon payment of the Assessed Value Payment Amount as aforesaid, the Issuer's obligations in respect of such Certificate shall be discharged. Payments will be

subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction (including Section 871(m)), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471 (b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

As used herein, "**Assessed Value Payment Amount**" means an amount determined by the Calculation Agent to be the fair market value of the Relevant Assets comprised in the Entitlement in respect of the relevant Certificate, less any Expenses.

(H) *Settlement provisions for Registered Certificates*

Payments of the Cash Settlement Amount (less any Expenses not already paid) in respect of each Registered Security (whether or not in global form) will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Certificate appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (in each case, the "**Record Date**"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the aggregate Issue Price of the Certificates held by a holder is less than U.S.\$250,000 (or integral multiples of U.S.\$1,000 in excess thereof) (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below).

For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Holders of Registered Securities will be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Certificate as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post.

None of the Issuer, the Registrar or the Principal Security Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

A record of each payment made on such Registered Global Certificate will be made on such Registered Global Certificate by the Registrar and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of the relevant Registered Global Certificate shall be the only person entitled to receive payments in respect of Registered Certificates represented by such Registered Global Certificate and the payment obligations of the Issuer will be discharged by payment to, or to the order of, the holder of such Registered Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be, as the holder of a particular amount of Certificates must look solely to Euroclear and/or Clearstream, Luxembourg and/or any other relevant Clearing System, as the case may be, for his

share of each payment so made by the Issuer to, or to the order of, the holder of the relevant Registered Global Certificate. No person other than the holder of the relevant Registered Global Certificate shall have any claim against the Issuer in respect of any payments due on that Registered Global Certificate.

(I) *Settlement provisions for Definitive Certificates*

In the event that any Definitive Certificates have been issued prior to the Exercise Date, the Issuer shall, on or prior to the Exercise Date, notify Securityholders in accordance with Condition 9 (*Notices*) of the procedure to be followed in order to receive any Cash Settlement Amount that may be payable upon exercise of the Certificates.

(J) *Exercise Risk*

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

**23. Pay-out provisions**

In the event of Non Quanto Securities, if the Underlying Reference Currency is different from the Settlement Currency, the following amounts will be exchanged into the Settlement Currency at the applicable Exchange Rate.

### REMUNERATION AMOUNTS

The Certificates may provide for the payment of one or more of the following amounts in the relevant payment date. Each of them and in relation to each relevant valuation period, if so specified in the applicable Final Terms, may become due only after the occurrence of a Knock-in Event or may cease to be due if a Knock-out Event occurs. In particular, the Certificates may provide for a:

- a) *Knock-out Feature*: if a Knock-out Feature is specified in the relevant Final Terms as applicable, the relevant Remuneration Amount potentially payable after the occurrence of a Knock-out Event will cease to be due and payable to the Securityholders. In particular, if the Reference Value of the Underlying asset or the Spread, or the Cumulated Performance, as the case may be, is lower than, equal to or higher (as indicated in relevant Final Terms), during a Knock-out Valuation Period, is lower than, equal to or higher (as indicated in relevant Final Terms) than the relevant Knock-out Level (such event a "**Knock-out Event**"), the investor will not benefit from the payment of any Remuneration Amount on either the payment date in relation to which the Knock-out Event has occurred and/or the payment date(s) following the Knock-out Valuation Period in which the Knock-out Event has occurred, as specified in the Final Terms.

The Knock-out Level will be indicated in the relevant Final Terms as a percentage of the Initial Reference Value (or as an independent percentage value in relation to the Spread Participation Remuneration Amount) or as a predetermined value. The investors will be notified in the event of a Knock-out Event by means of a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>; or/and

- b) *Knock-in Feature*: if a Knock-in Feature is specified in the relevant Final Terms as applicable, the relevant Remuneration Amount becomes payable to the Securityholders after the occurrence of a Knock-in Event. In particular, if the Reference Value of the Underlying or the Spread, or the Cumulated Performance, as the case may be, is lower than, equal to or higher (as indicated in relevant Final Terms) during a Knock-in Valuation Period, is lower than, equal to or higher (as indicated in relevant Final Terms) than the relevant

Knock-in Level (such event a "**Knock-in Event**") the investor will benefit from the payment of the relevant Remuneration Amount on either the payment date in relation to which the Knock-in Event has occurred and/or the payment date(s) following the Knock-in Valuation Period in which the Knock-in Event has occurred, as specified in the Final Terms.

The Knock-in Level will be indicated in the relevant Final Terms as a percentage of the Initial Reference Value (or as an independent percentage value in relation to the Spread Participation Remuneration Amount) or as a predetermined value. The investors will be notified in the event of a Knock-in Event by means of a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>.

The Certificates may provide for one or more of the following Remuneration Amounts:

**A. DIGITAL AMOUNT(S)**

The Certificates may provide for the payment of one or more Digital Amounts, depending on the occurrence of the Digital Event. The Digital Event will occur if, in the relevant Digital Valuation Period(s), the Reference Value of the Underlying is lower than, equal to or higher than (as indicated in the relevant Final Terms) the relevant Digital Level.

The Digital Level will be indicated in the relevant Final Terms as a percentage of the Initial Reference Value (or as an independent percentage value in the case of Spread Certificates and Multiperformance Certificates) or as a predetermined value.

If the Digital Event occurs, the investor will receive one or more Digital Amount(s) as specified in the relevant Final Terms. Such amounts may be fixed, increasing, decreasing or variable in relation to the relevant Digital Valuation Period as specified in the applicable Final Terms.

If the applicable Final Terms provide for the application of the Coupon Event, the Digital Amount(s) payable during the life of the Certificates will be determined on the basis of the Coupon Premium 1 or the Coupon Premium 2, depending on whether the Coupon Event has occurred or not.

The investors will be notified of the Digital Event through a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>.

**Determination Methods**

The Digital Level One of the following Determination Methods of the Digital Event will be specified in the applicable Final Terms:

- a) Single Level Option, if a single Digital Level has been provided for all the Digital Valuation Periods. Such Digital Level may be an increasing, decreasing or variable value in relation to each applicable Digital Valuation Period;
- b) Multiple Level Option, if several Digital Levels in relation to the relevant Digital Valuation Period have been provided. In this case, the relevant Final Terms will indicate (i) the value of the "First Digital Level", the "Second Digital Level" and so on, in relation to each Digital Valuation Period, or alternatively (ii) the value of the Digital Level 1, the Digital Level 2 and, if applicable, the Digital Level 3 in relation to the same Digital Valuation Period;
- c) Range Level Option, if Range Level Option is specified as applicable in the relevant Final Terms, the investor will receive the relevant Digital Amount if, in the relevant Digital Valuation Period, the Reference Value of the Underlying will fall within or out of a range between two edges of Underlying levels (the "**Up Range Digital Level**" and the "**Down Range Digital Level**", included or excluded in the range as the case may be and as specified in the relevant Final Terms), represented by a percentage of the Initial Reference Value specified in the relevant Final Terms and



therefore a Digital Event will occur. If there are more Underlyings, the applicable Final Terms will specify the relevant Up Range Digital Level and the Down Range Digital Level for each Underlying in order to determinate whether the Digital Event has occurred;

- d) *Cliquet Feature*: in this case the Calculation Agent will update the Digital Level determining the Reference Value of the Underlying (or the Spread in the case of Spread Certificates or the Cumulated Performance in the case of Multiperformance Certificates) (i) in relation to the relevant Digital Valuation Period or (ii) only if a Digital Event has occurred in the relevant Digital Valuation Period.

### **Specific features in relation to the Digital Amounts**

In addition to other features generally applicable in relation to every Remuneration Amounts, in relation to the Digital Amount, the following features may specifically apply, jointly or separately, as specified in the applicable Final Terms:

#### **Consolidation Effect**

The Certificates, if so specified by the Issuer in the relevant Final Terms, may provide an automatic activation option of the Digital Amounts eventually payable during the life of the Certificates.

In particular, if several Digital Valuation Periods have been provided and the Reference Value of the Underlying is lower than, equal to or higher than the Consolidation Level (as indicated in the relevant Final Terms, a value indicated as a percentage of the Initial Reference Value, in addition to the Digital Level) in a Consolidation Valuation Period, the Digital Level will automatically occur without further determinations for all Digital Valuation Periods following such Consolidation Valuation Period.

Therefore, the investor will benefit from the payment of all the amounts provided in relation to the Digital Valuation Periods following the Consolidation Valuation Period in which the Underlying has reached or exceeds the Consolidation Level.

If the Reference Value of the Underlying is lower than, equal to or higher (as indicated in the relevant Final Terms) than the Consolidation Level, the Securityholders will be notified through a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>.

For the calculation of the Digital Amount in relation to the Spread Certificates, reference will be made to the Spread that is the difference between the performances of two financial activities (two shares or two indexes, etc.). Therefore, the Consolidation Level will be a percentage predetermined in the relevant Final Terms. In this case, the conditions provided by the Consolidation Effect will occur only when the Spread between the performance of the Underlying A and the Underlying B is lower than, equal to or higher (as indicated in the relevant Final Terms) than the Consolidation Level.

For the calculation of the Digital Amount in relation to the Multiperformance Certificates, reference will be made to the Cumulated Performance of two or more financial activities (two shares or two indexes, etc.). Therefore, the Consolidation Level will be a percentage predetermined in the relevant Final Terms. In such case, the conditions provided by the Consolidation Level will occur only when the Cumulated Performance of two or more financial assets is lower, equal to or higher than the Consolidation Level (as indicated in the relevant Final Terms).

#### **Memory Effect**

The Certificates, if so specified in the relevant Final Terms, may provide an option that takes into account the unpaid Digital Amounts during the life of the Certificates in the event that a Digital Event has not occurred.

In particular, if several Digital Valuation Periods have been provided and the Reference Value of the Underlying is lower than, equal to or higher than the so-called Memory Level (as indicated in the relevant Final Terms, that is a value indicated as a percentage of the Initial Reference Value, in addition to the Digital Level) in a Memory Valuation Period, the investor will receive the previously unpaid Digital Amount(s) in the event that a Digital Event has not occurred (except where such Digital Amounts were already paid due to the occurrence of a Memory Effect in a previous Memory Valuation Period).

If the Reference Value of the Underlying is lower than, equal to or higher (as indicated in the relevant Final Terms) than the Memory Level, the Securityholders will be notified through a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>.

For the calculation of the Digital Amount in relation to the Spread Certificates, reference will be made to the so-called Spread that is the difference between the performances of two financial activities (two shares or two indexes, etc.). Therefore, the Memory Level will be a percentage predetermined in the relevant Final Terms. In such case, the conditions provided by the Memory Effect will occur only when the Spread between the performance of the Underlying A and the Underlying B is lower than, equal to or higher than the Memory Level (as indicated in the relevant Final Terms).

For the calculation of the Digital Amount in relation to the Multiperformance Certificates, reference will be made to the Cumulated Performance of two or more financial activities (two shares or two indexes, etc.). Therefore, the Memory Level will be a percentage predetermined in the relevant Final Terms. In such case, the conditions provided by the Memory Effect will occur only when the Cumulated Performance of two or more financial assets is lower, equal to or higher than the Memory Level (as indicated in the relevant Final Terms).

#### Path Dependency Effect

If so specified in the relevant Final Terms, the Path Dependency Effect may be applicable. In this case, the Digital Amount may increase in relation to each Digital Valuation Period. Such increase will depend on a Digital Event(s) in the previous Digital Valuation Period(s) occurring. In particular, the increase will be calculated as the product of (i) a further amount linked to the Digital Amount and indicated as the Path Dependency Amount in the applicable Final Terms and (ii) a number which will be determined in relation to each Digital Valuation Period and which is equal to the number of the Digital Event(s) which have occurred from the first Digital Valuation Period (included) until the Digital Valuation Period on which such Digital Amount is calculated.

#### **B. ACCUMULATED AMOUNT(S)**

If so specified in the relevant Final Terms, the Certificates may provide for the Accumulated Amount(s). If such feature is specified as applicable in the relevant Final Terms, the investor will be entitled to receive, on the relevant Accumulated Payment Date, the relevant Accumulated Amount.

The Accumulated Amount will be equal to the product between the relevant Accumulating Amount and the number of Accumulating Events occurred during the relevant Accumulating Valuation Period.

The occurrence of the Accumulating Event will be contingent upon the Reference Value of the relevant Underlying (or the Spread in the case of Spread Certificates) in the relevant Accumulating Valuation Period (i) being lower than, equal to or higher than the relevant Accumulating Level or (ii) falling within or out of a range between the Up Range Accumulating Level and the Down Range Accumulating Level (included or excluded in the range as the case may be and as specified in the relevant Final Terms).

The applicable Final Terms may also provide for one or more Accumulating Autocallable Trigger. In such case, an Early Redemption Event may occur if, on the Accumulated Valuation Date, the

Calculation Agent determines that the relevant Accumulated Amount payable to the investors is lower than, equal to or higher than, as specified in the applicable Final Terms, the relevant Accumulating Autocallable Trigger.

In addition, if an Early Redemption Level is applicable under the relevant Final Terms, and if so specified in such Final Terms, the Accumulated Amount will be paid only upon occurrence of an Early Redemption Event. In such case, the Accumulated Amount will be paid on the Accumulated Payment Date coinciding with, or immediately after, the Early Payment Date in relation to which an Early Redemption Event has occurred.

The investors will be notified of the number of Accumulating Events occurred during the relevant Accumulating Valuation Period through a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>.

**C. PLUS AMOUNT(S)**

If so specified in the relevant Final Terms, the Certificates may provide the unconditional payment of the Plus Amount(s), allowing the investor, during the life of the Certificates or at the Settlement Date, to receive an additional amount which is not linked to the performance of the Underlying. The Plus Amount(s) will be paid on the relevant Plus Payment Date specified in the Final Terms.

**D. INTERNAL RETURN AMOUNT(S)**

The applicable Final Terms may specify the Internal Return Amount(s) (IRA) as applicable. In this case, the Internal Return Amount, which can be IRA Compound or IRA Simple, as specified below, will be linked to the performance of the Underlying and calculated according to one of the following formula:

**(i) IRA Compound:**

$$Issue\ Price \times Max \left\{ 0; \left[ \left( \sqrt[n]{\frac{RV_t}{IRV}} \right) - 1 \right] \right\}$$

Where:

"RV<sub>t</sub>" means the Reference Value in relation to the relevant Annual Valuation Date,

"IRV" means the Initial Reference Value, and

"n" means the number specified in the applicable Final Terms in relation to the relevant Annual Valuation Date.

On the basis of such formula, the Internal Return Amount is calculated on the performance of the Underlying which is annualized in relation to each Annual Valuation Date. Otherwise,

if the relevant Final Terms provide an IRA Cap:

*IRA Compound:*

$$Issue\ Price \times Min \left\{ IRA\ CAP_t; Max \left\{ 0; \left[ \left( \sqrt[n]{\frac{RV_t}{IRV}} \right) - 1 \right] \right\} \right\}$$

Where:

"**IRA Cap<sub>t</sub>**" means the percentage specified in the relevant Final Terms in relation to the relevant Annual Valuation Date.

In this case, the Internal Return Amount is calculated on the performance of the Underlying which is annualized in relation to each Annual Valuation Date, but it will be subject to a maximum amount represented by the IRA Cap.

**(ii) IRA Simple:**

$$\text{Issue Price} \times \text{Max} \{ [0; [(RV_t/IRV)-1]/n] \}$$

Where:

"**RV<sub>t</sub>**" means the Reference Value in relation to the relevant Annual Valuation Date,

"**IRV**" means the Initial Reference Value, and

"**n**" means the number specified in the applicable Final Terms in relation to the relevant Annual Valuation Date.

On the basis of such formula, the Internal Return Amount is calculated on the performance of the Underlying which is annualized in relation to each Annual Valuation Date. Otherwise,

if the relevant Final Terms provide an IRA Cap:

$$\text{Issue Price} \times \text{Min} \{ \text{IRA CAP}_t; \text{Max} \{ [0; [(RV_t/IRV)-1]/n] \} \}$$

Where:

"**IRA Cap<sub>t</sub>**" means the percentage specified in the relevant Final Terms in relation to the relevant Annual Valuation Date.

In this case, the Internal Return Amount is calculated on the performance of the Underlying which is annualized in relation to each Annual Valuation Date, but it will be subject to a maximum amount represented by the IRA Cap.

**E. PARTICIPATION REMUNERATION AMOUNT(S)**

If it is specified as applicable in relevant the Final Terms, the Participation Remuneration Amount will consist of an amount determined on each Participation Valuation Date on the basis of the performance of the Underlying during a Participation Valuation Period specified in the relevant Final Terms. In particular, the Participation Remuneration Amount is calculated according to one of the formulas described below specified in the applicable Final Terms.

The Participation Remuneration Amounts may be calculated as follows:

**(i) Long Participation Remuneration Amount:**

$$\text{Issue Price} \times \text{Max} \{ \text{Floor Percentage}; ((RV_t - \text{Strike Remuneration Percentage} \times RV_j) / RV_j) \times \text{Participation Factor}_t \}$$

or, if the relevant Final Terms provide for the application of a CAP:

$$\text{Issue Price} \times \text{Min} \{ \text{CAP}; \text{Max} \{ \text{Floor Percentage}; ((RV_t - \text{Strike Remuneration Percentage} \times RV_j) / RV_j) \times \text{Participation Factor}_t \} \}$$

Where:

"**RV<sub>t</sub>**" means Reference Value on the Participation Valuation Date "t",

"**RV<sub>j</sub>**" means the Reference Value on the Participation Valuation Date "j" as defined in the Final Terms or the Initial Reference Value Determination Period(s) as defined in the Final Terms,

"**Participation Factor<sub>t</sub>**" means the Participation Factor corresponding to the relevant Participation Valuation Date "t" as specified in the applicable Final Terms,

"**Strike Remuneration Percentage**" means the value determined by the Issuer, as specified in the relevant Final Terms,

"**Floor Percentage**" means the percentage specified from time to time in the relevant Final Terms. The Floor Percentage will always be equal to or higher than 0 per cent.

The applicable Final Terms may specify which amount applies in relation to each Participation Valuation Date, whether Long Participation Remuneration Amount or Short Participation Remuneration Amount.

If so specified in the Final Terms, both the Long and Short Participation Remuneration Amount may apply on a single Participation Valuation Date; or

**(ii) Short Participation Remuneration Amount:**

*Issue Price x Max [Floor Percentage; ((Strike Remuneration Percentage x RV<sub>j</sub> - RV<sub>t</sub>)/RV<sub>j</sub>) x Participation Factor<sub>t</sub>]*

or, if the relevant Final Terms provide for the application of a CAP:

*Issue Price x MIN {CAP; Max [Floor Percentage; ((Strike Remuneration Percentage x RV<sub>j</sub> - RV<sub>t</sub>)/RV<sub>j</sub>) x Participation Factor<sub>t</sub>]}*

Where:

"**RV<sub>t</sub>**" means Reference Value on the Participation Valuation Date "t",

"**RV<sub>j</sub>**" means the Reference Value on the Participation Valuation Date "j" as defined in the Final Terms or the Initial Reference Value Determination Period(s) as defined in the Final Terms,

"**Participation Factor<sub>t</sub>**" means the Participation Factor corresponding to the relevant Participation Valuation Date "t" as specified in the applicable Final Terms,

"**Strike Remuneration Percentage**" means the value determined by the Issuer, as specified in the relevant Final Terms,

"**Floor Percentage**" means the percentage specified from time to time in the relevant Final Terms. The Floor Percentage will always be equal to or higher than 0 per cent.

The applicable Final Terms may specify which amount applies in relation to each Participation Valuation Date, whether Long Participation Remuneration Amount or Short Participation Remuneration Amount.

If so specified in the Final Terms, both the Long Participation Remuneration Amount and Short Participation Remuneration Amount may apply on a single Participation Valuation Date; or

(iii) **Spread Participation Remuneration Amount:**

If the Participation Remuneration Amount is specified as *Spread Participation Remuneration Amount*, for the purposes of determining the Spread Participation Remuneration Amount, reference will be made to the Spread (as defined in Condition 3 (*Definitions*)). The Spread Participation Remuneration Amount will be calculated according to one of the following formulas:

*Issue Price x [Participation Factor x Max (0; Spread)]*

or, if the relevant Final Terms provide for the application of a Margin:

*Issue Price x [Participation Factor x Max (0; Spread +/- Margin)]*

or, if the relevant Final Terms provide for the application of a CAP:

*Issue Price x Min {CAP;[(Participation Factor x Max (0; Spread))]}*

or, if the relevant Final Terms provide for the application of a CAP and a Margin:

*Issue Price x Min {CAP;[Participation Factor x Max (0; Spread +/- Margin)]}*

**Specific features in relation to the Participation Remuneration Amounts**

In addition to other features generally applicable in relation to every Remuneration Amounts, in relation to the Participation Remuneration Amount, the following features may specifically apply, if so specified in the applicable Final Terms.

**Participation Rebate Feature**

If the Participation Rebate Feature is specified in the relevant Final Terms as applicable, the Participation Remuneration Amount potentially payable depends on the occurrence of the Participation Rebate Event. If a Participation Rebate Event has not occurred during a specified Participation Rebate Valuation Period the Certificates will pay, on the relevant payment date, a Participation Remuneration Amount determined pursuant to (i) or (ii) above as specified in the Final Terms. Otherwise, if during such Participation Rebate Valuation Period, a Participation Rebate Event has occurred the Certificates will pay a Participation Rebate Amount, on the relevant payment date, specified in the relevant Final Terms. In particular, if the Reference Value of the Underlying asset (or the Spread in event of Spread Participation Remuneration Amount), during a Participation Rebate Valuation Period, is lower than, equal to or higher (as indicated in relevant Final Terms) than the relevant Participation Rebate Level (such event a "**Participation Rebate Event**"), the investor will receive, instead of the Participation Remuneration Amount, the specified Participation Rebate Amount on the relevant payment date following the Participation Rebate Valuation Period in which the Participation Rebate Event has occurred.

The Participation Rebate Level will be indicated in the relevant Final Terms as a percentage of the Initial Reference Value or as a predetermined value. The investors will be notified of the occurrence of a Participation Rebate Event by means of a notice published on the website of the Issuer <https://www.bancaimi.prodottiequotazioni.com/EN>.

**Net Profit Feature**

If the Net Profit Feature is specified in the relevant Final Terms as applicable, the Remuneration Sum (the sum, in respect of any Participation Valuation Date, of the Remuneration Amounts specified in the relevant Final Terms, if already paid on the prior payment dates specified in the relevant Final Terms, as

defined in Condition 3 (*Definitions*) above) will be deducted from the above amounts, provided that the resulting amount cannot be lower than zero.

**F. PREMIUM GAP AMOUNT(S)**

Gap Certificates, if so specified by the Issuer in the relevant Final Terms, may provide for the payment of a Premium Gap Amount, that will depend on the Premium Determination Method specified by the Issuer in the relevant Final Terms and on whether a Barrier Gap Event has occurred.

A Barrier Gap Event will occur if, during the Barrier Gap Observation Period, the Gap Daily Performance of the relevant Underlying is lower or equal to or higher than the Barrier Gap Level.

In relation to the Premium Gap Amounts, if the Barrier Gap Event has occurred:

- (i) the Premium Gap Amount will be determined on the basis of the actual number of days within the relevant Premium Gap Observation Period and not on the basis of all the days of the relevant Premium Determination Period; and
- (ii) after the payment of the Premium Gap Amount that will be paid on the first Premium Payment Date following the Barrier Gap Event Date on which a Barrier Gap Event has occurred, no further Premium Gap Amount will be paid to the investors.

**Determination Methods**

The Issuer will specify in the relevant Final Terms the Premium Determination Method that applies in relation to each Premium Determination Period. The Premium Gap Amount will be determined, depending on the applicable Determination Method, according to one of the following formulas:

(i) **Floating Premium:**

*Issue Price x (Premium Percentage x Reference Entity +/- Premium Margin) x Day Count Fraction*

(ii) **Fixed Premium:**

*Issue Price x Premium Percentage x Day Count Fraction*

(iii) **Differences in Rates:**

*Issue Price x [Premium Percentage x (Reference Rate 1 - Reference Rate 2) +/- Premium Margin] x Day Count Fraction*

The Day Count Fraction will depend on the number of days in the relevant Premium Gap Observation Period that will be composed by:

- a) **If a Barrier Gap Event has not occurred**, the same number of days comprised in the relevant Premium Determination Period;
- b) **If a Barrier Gap Event has occurred**, the number of days from the initial day of the relevant Premium Determination Period to the day on which the Barrier Gap Event has occurred, i.e. the Barrier Gap Event Date.

**Rate Of Interest**

The Premium Gap Amount payable in respect of Gap Certificates will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Premium*

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

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

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

(B) *Screen Rate Determination for Floating Premium with a Reference Entity other than CMS Rate*

(a) *If the Reference Entity is a floating interest rate other than EONIA*

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

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

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

If the Relevant Screen Page is not available or if, in the case of (i)(B)(1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, in order to determine the rate of interest, the Agent shall request (in the case of a determination of LIBOR) the principal



London office of each of four major banks in the London inter-bank market or (in the case of a determination of EURIBOR), the principal Euro-zone office of each of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms, to provide the Agent with its offered quotation (expressed as a percentage per annum) for the Reference Entity at approximately the time specified in the preceding paragraph on the relevant Interest Determination Date.

(b) *If the Reference Entity is specified to be EONIA*

If the Reference Rate is specified in the Final Terms to be 'EONIA', the relevant Floating Premium will be the rate of return of a daily compound interest investment with the arithmetic mean of the daily rates of the day-to-day Eurozone interbank euro money market as reference rate and which will be calculated by the Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards (**EONIA**).

If the Agent determines that no offered quotation was published for EONIA in accordance with and during the period provided in sub-paragraph (A) immediately above, EONIA in respect of the relevant TARGET Business Day shall be such other rate as determined by the Agent in its discretion.

EONIA in respect of the relevant TARGET Business Day shall be determined by the Agent as the last published offered quotation for EONIA that appeared on the Relevant Screen Page, provided that the last published quotation may not be earlier than the fifth Business Day prior to the relevant TARGET Business Day.

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

(C) *Screen Rate Determination for Floating Premium which are linked to CMS Rate*

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

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

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

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

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

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

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

**Relevant Swap Rate** means:

- (1) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Premium Determination Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUREURIBOR- Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the ISDA Definitions)) with a designated maturity determined by the Agent by reference to standard market practice and/or the ISDA Definitions;
- (2) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Premium Determination Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (3) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-forfloating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Premium Determination Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is

equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

- (4) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

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

(D) *Difference in Rates*

Where Difference in Rates is specified in the applicable Final Terms as the manner in which the Premium Gap Amount is to be determined, the Rate of Interest for each Premium Determination Period will, subject as provided below, be the Difference in Rates multiplied by the relevant Premium Percentage, if any, all as determined by the Calculation Agent and provided that the rate of interest may not be less than zero.

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

Difference in Rates means an amount equal to Rate 2 minus Rate 1, provided that if such amount is less than zero, it shall be deemed to be zero; and Rate 1 and Rate 2 shall have the meanings given to those terms in the applicable Final Terms, and each shall be determined in accordance with subparagraph (A), subparagraph (B) or subparagraph (C) above as specified in the applicable Final Terms, as if each of Rate 1 and Rate 2 were an ISDA Rate, a Reference Entity or a CMS Rate or a percentage determined by the Issuer and set out in the relevant Final Terms, as appropriate

**Determination of rate of interest and calculation of Premium Gap Amounts**

The Calculation Agent, in the case of Floating Premium will at or as soon as practicable after each time at which the rate of interest is to be determined, determine the rate of interest for the relevant Premium Determination Period.

The Calculation Agent will calculate the amount of interest in relation to the Floating Premium for the relevant Premium Determination Period by applying the rate of interest to:

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

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**Notifications of rate of interest and Premium Gap Amounts**

The Calculation Agent will cause the rate of interest and each Premium Gap Amount for each Premium Determination Period and the relevant Premium Payment Date to be notified to the Issuer and any stock exchange on which the relevant Securities are for the time being listed and notice thereof to be published in accordance with Condition 9 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Premium Gap Amount and Premium Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without prior notice in the event of an extension or shortening of the Premium Determination Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Securities are for the time being listed and to the holders in accordance with Condition 9 (*Notices*).

### **Certificates To Be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 23 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the other Paying Agents and all Securityholder and (in the absence of wilful default or bad faith) no liability to the Issuer, the Securityholder shall attach to the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

\*\*\*\*

### **EARLY REDEMPTION AMOUNT(S)**

The Certificates, if so specified by the Issuer in the relevant Final Terms, may provide the possibility of an automatic early redemption if an Early Redemption Event has occurred. In particular, if the Reference Value and/or the Spread and/or the Cumulated Performance (as the case may be and as specified in the applicable Final Terms) with reference to an Early Redemption Valuation Period (i) is equal to, higher than or lower than the relevant Early Redemption Level; and/or (ii) it has been, at least once during the relevant Early Redemption Valuation Period, equal to, higher than or lower than the relevant Early Redemption Level; and/or (iii) it has never been equal to, higher than or lower than the relevant Early Redemption Level during the relevant Early Redemption Valuation Period (as indicated in the relevant Final Terms), the certificate will be automatically redeemed and the Securityholder will receive on the Early Payment Date the payment of the Early Redemption Amount.

The Early Redemption Level (or the Early Redemption Levels) will be indicated in the relevant Final Terms, in relation to each Early Redemption Valuation Period, as a percentage of the Initial Reference Value (or as an independent percentage value in the case of Spread Certificates and Multiperformance Certificates) or as a predetermined value.

In addition, the applicable Final Terms may provide for one or more Accumulating Autocallable Trigger. In such case, an Early Redemption Event may occur if, on the Accumulated Valuation Date, the Calculation Agent determines that the relevant Accumulated Amount payable to the investors is lower than, equal to or higher than, as specified in the applicable Final Terms, the relevant Accumulating Autocallable Trigger. Therefore, in such case, the occurrence of an Early Redemption Event will be determined by the Calculation Agent on the relevant Accumulated Valuation Date specified in the applicable Final Terms (i.e. the Early Redemption Valuation Period will coincide with the Accumulated Valuation Date).

Furthermore, if the applicable Final Terms provide for the application of the Coupon Event, the Early Redemption Amount(s) payable at the occurrence of an Early Redemption Event will be determined on the basis of the Coupon Premium 1 or the Coupon Premium 2, depending on the occurrence of the Coupon Event.

If the Best Of Feature or the Worst Of Feature applies in relation to one or more Early redemption Valuation Period, the Issuer will specify in the relevant Final Terms the occurrence of the Early Redemption Event in relation to one or more Underlying and the Final Terms will specify the Early Redemption Level for each Underlying. In particular, for the purposes of determining the occurrence of an Early Redemption Event, the Final Terms will specify the number of Underlyings that have to be equal to, higher than or lower than the Early Redemption Level. For example, if the Final Terms specify that the Early Redemption Event occurs if the Underlying is lower than the Early Redemption Level, in case of Second Worst Of, the Early Redemption Event

occurs if e.g. among four Underlyings at least two Underlyings are lower than the Early Redemption Level. Otherwise, in case of Second Best Of, the Early Redemption Event occurs if e.g. among four Underlyings all but one Underlyings are lower than the Early Redemption Level and only one Underlying is higher than or equal to the Early Redemption Level.

\*\*\*\*

## CASH SETTLEMENT AMOUNT

### **CALCULATION METHOD IN THE CASE OF POSITIVE AND NEGATIVE PERFORMANCE OF THE UNDERLYING – (BARRIER EVENT/BARRIER GAP EVENT NOT OCCURRED, IF APPLICABLE)**

The Securityholder will receive on the Settlement Date for each Minimum Exercise Amount the payment of the Cash Settlement Amount (if positive).

In the event of Non Quanto Securities, if the Underlying Reference Currency is different from the Settlement Currency, the Cash Settlement Amount will be exchanged into the Settlement Currency at the applicable Exchange Rate.

In any case, the Cash Settlement Amount will not result in an amount lower than zero.

At the Exercise Date the following scenarios may occur in relation to the structure and the pay-out provided by the Issuer in the relevant Final Terms according to the following formulas (provided that, if more than one formula is applicable in relation to the same typology of Certificates, the relevant Final Terms will indicate the applicable one for the relevant issue):

#### **A. STANDARD CERTIFICATES (LONG/SHORT)**

*(Initial Percentage x Initial Reference Value x Multiplier) x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

#### **B. MAX CERTIFICATES**

##### **MAX LONG CERTIFICATES**

*{Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Final Reference Value – Initial Reference Value))] x Multiplier} x Minimum Exercise Amount*

In relation to such type, the investor will receive a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility to participate to the increasing performance of the Underlying depending on the Participation Factor.

**If the relevant Final Terms provide a Cap Level:**

*{Min [Cap Level; Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Final Reference Value – Initial Reference Value))]] x Multiplier} x Minimum Exercise Amount*

In such case, the amount that the investor will receive on the Settlement Date may be equal to or higher than the percentage of the Initial Reference Value multiplied by the multiplier determined by the Issuer in the relevant Final Terms. In any case, such Cash Settlement Amount will not exceed the Cap Level multiplied by the multiplier.

If the Restrike Feature is applicable, the relevant Final Terms will also indicate whether the Cap Style 1 or the Cap Style 2 will be applicable. In particular, in case of Cap Style 1, if a Restrike Event has

occurred, the Cap Level will be determined in accordance with the Restrike Percentage. In case of Cap Style 2 the Cap Level will not be taken into consideration for the purposes of the Cash Settlement Amount.

### **MAX SHORT CERTIFICATES**

*{Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Initial Reference Value – Final Reference Value))] x Multiplier} x Minimum Exercise Amount*

In relation to such type, the Securityholder will receive a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility to participate to the negative (decreasing) performance of the Underlying depending on the Participation Factor.

If the relevant Final Terms provide a CAP:

*{Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Initial Reference Value – Max [CAP; Final Reference Value]))] x Multiplier} x Minimum Exercise Amount*

In relation to such type, the investor will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount participating to the negative (decreasing) performance of the Underlying depending on the Participation Factor. In any case, the Cash Settlement Amount will not exceed the CAP multiplied by the multiplier.

If the Restrike Feature is applicable, the relevant Final Terms will also indicate whether the Cap Style 1 or the Cap Style 2 will be applicable. In particular, in case of Cap Style 1, if a Restrike Event has occurred, the Cap Level will be determined in accordance with the Restrike Percentage. In case of Cap Style 2 the Cap Level will not be taken into consideration for the purposes of the Cash Settlement Amount.

## **C. SPREAD CERTIFICATES**

### **TYPE A SPREAD CERTIFICATES**

*[(Initial Percentage x Initial Reference Value<sub>A</sub> x Multiplier<sub>A</sub>) + (Initial Percentage x Initial Reference Value<sub>B</sub> x Multiplier<sub>B</sub>)] / 2 x Minimum Exercise Amount*

In relation to such type, the investor will receive an amount linked to the average between: (i) a percentage of the Initial Reference Value of the Underlying A specified in the applicable Final Terms and (ii) a percentage of the Initial Reference Value of the Underlying B specified in the applicable Final Terms multiplied by the relevant multipliers.

### **TYPE B SPREAD CERTIFICATES**

*{[(Initial Percentage x Initial Reference Value<sub>A</sub> x Multiplier<sub>A</sub>) + (Initial Percentage x Initial Reference Value<sub>B</sub> x Multiplier<sub>B</sub>)] / 2 x [1 + Participation Factor x Max(0; Spread +/- Margin)]} x Minimum Exercise Amount*

In relation to such type, the investor will receive (1) an amount linked to the average between (i) a percentage of the Initial Reference Value of the Underlying A that will be specified in the applicable Final Terms and (ii) a percentage of the Initial Reference Value of the Underlying B that will be specified in the applicable Final Terms multiplied by the relevant multipliers and (2) an amount linked to the Spread (if positive) depending on the Participation Factor.

If the relevant Final Terms provide a CAP:

$$\{[(\text{Initial Percentage} \times \text{Initial Reference Value}_A \times \text{Multiplier}_A) + (\text{Initial Percentage} \times \text{Initial Reference Value}_B \times \text{Multiplier}_B)] / 2 \times [1 + \text{Participation Factor} \times \text{Min}(\text{CAP}; \text{Max}(0; \text{Spread} \pm \text{Margin}))]\} \times \text{Minimum Exercise Amount}$$

In relation to such type, the investor will receive (1) an amount linked to the average between (i) a percentage of the Initial Reference Value of the Underlying A that will be specified in the applicable Final Terms and (ii) a percentage of the Initial Reference Value of the Underlying B that will be specified in the applicable Final Terms multiplied by the relevant multipliers and eventually (2) an amount linked to the spread, if positive, depending on the Participation Factor that, in any case, will not be higher than the CAP.

#### ***TYPE C SPREAD CERTIFICATES***

**a. If the Spread (+/- Margin) is higher than or equal to 0:**

$$\text{Issue Price} \times \text{Max} [0; (1 + \text{Participation Factor} \times (\text{Spread} \pm \text{Margin}))] \times \text{Minimum Exercise Amount}$$

In relation to such type, the investor will receive an amount that will depend on the Participation Factor specified in the applicable Final Terms multiplied by the Spread (+/- the Margin).

If the relevant Final Terms provide a Cap Amount:

$$\text{Min} \{ \text{Cap Amount}; \text{Issue Price} \times \text{Max} [0; (1 + \text{Participation Factor} \times (\text{Spread} \pm \text{Margin}))] \} \times \text{Minimum Exercise Amount}$$

In relation to such type, the investor will receive an amount that will depend on the Participation Factor specified in the applicable Final Terms multiplied by the Spread (+/- the Margin), but that will not be higher than the Cap Amount.

**b. If the Spread (+/- Margin) is lower than 0:**

$$\text{Issue Price} \times \text{Max} [0; (1 + \text{Down Participation Factor} \times (\text{Spread} \pm \text{Margin}))] \times \text{Minimum Exercise Amount}$$

In relation to such type, the investor will receive an amount that will depend on the Down Participation Factor specified in the applicable Final Terms multiplied by the Spread (+/- the Margin).

If the relevant Final Terms provide a Protection Amount:

$$\text{Max} \{ \text{Protection Amount}; \text{Issue Price} \times \text{Max} [0; (1 + \text{Down Participation Factor} \times (\text{Spread} \pm \text{Margin}))] \} \times \text{Minimum Exercise Amount}$$

In relation to such type, the investor will receive an amount that will depend on the Down Participation Factor specified in the applicable Final Terms multiplied by the Spread (+/- the Margin), but that will not be lower than the Protection Amount.

#### ***D. TWIN WIN CERTIFICATES***

**a. If the Final Reference Value is higher than, or equal to, the Initial Reference Value multiplied by the Strike Percentage:**

$$[\text{Initial Reference Value} \times \text{Strike Percentage} + \text{Participation Factor} \times (\text{Final Reference Value} - \text{Initial Reference Value} \times \text{Strike Percentage})] \times \text{Multiplier} \times \text{Minimum Exercise Amount}$$

In relation to such type, the investor will receive on the Settlement Date the capital invested

plus an amount linked to the performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable provided that on the Valuation Date the Final Reference Value is higher than, or equal to, the Initial Reference Value multiplied by the Strike Percentage.

If the relevant Final Terms provide a Cap Level:

*Min {Cap Level; [Initial Reference Value x Strike Percentage + Participation Factor x (Final Reference Value – Initial Reference Value x Strike Percentage)]} x Multiplier x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount linked to the performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable provided that on the Valuation Date the Final Reference Value is higher than, or equal to, the Initial Reference Value multiplied by the Strike Percentage. The total amount that the investor will receive on the Settlement Date will be in any case subject to a maximum level equal to the Cap Level multiplied by the Multiplier.

**b. If the Final Reference Value is lower than the Initial Reference Value multiplied by the Strike Percentage (and the Barrier Event, if applicable, has not occurred):**

*[Initial Reference Value x Strike Percentage + Down Participation Factor x (Initial Reference Value x Strike Percentage – Final Reference Value)] x Multiplier x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount linked to the performance of the Underlying multiplied by the Down Participation Factor. Therefore, the Twin Win Certificates will enable the investor to also profit from a negative performance of the Underlying, as shown in this scenario.

If the relevant Final Terms provide a Cap Down Amount:

*Min {[Initial Reference Value x Strike Percentage + Down Participation Factor x (Initial Reference Value x Strike Percentage – Final Reference Value)] x Multiplier; Cap Down Amount} x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount linked to the performance of the Underlying multiplied by the Down Participation Factor. Therefore, the Twin Win Certificates will enable the investor to also profit from a negative performance of the Underlying, as shown in this scenario. However, in such case, the Cash Settlement Amount will not be higher than the Cap Down Amount specified in the applicable Final Terms.

**E. BENCHMARK CERTIFICATES**

**LONG BENCHMARK CERTIFICATES**

**(i) WITHOUT ANNUAL MANAGEMENT FEE AND VARIABLE MANAGEMENT FEE:**

*Final Reference Value x Multiplier x Minimum Exercise Amount*

In this case the investor will be exposed to the performance of the Underlying. As a result, on the Settlement Date, the investor will receive an amount equal to the Final Reference Value multiplied by the Multiplier.

**(ii) WITH ANNUAL MANAGEMENT FEE:**



*Final Reference Value x Multiplier x Annual Management Fee x Minimum Exercise Amount*

In this case the investor will be exposed to the performance of the Underlying, therefore, on the Settlement Date, the investor will receive an amount equal to the Final Reference Value multiplied by the Multiplier, net of the Annual Management Fee.

- (iii) WITH VARIABLE MANAGEMENT FEE:

*Final Reference Value x Multiplier x Variable Management Fee x Minimum Exercise Amount*

In this case the investor will be exposed to the performance of the Underlying and, on the Settlement Date, will receive an amount equal to the Final Reference Value multiplied by the Multiplier, net of the Variable Management Fee.

#### **SHORT BENCHMARK CERTIFICATES**

- (i) WITHOUT ANNUAL MANAGEMENT FEE AND VARIABLE MANAGEMENT FEE:

*Max [0;(Strike Price – Final Reference Value)] x Multiplier x Minimum Exercise Amount*

In this case, the exposure of the investor will be inversely proportioned to the performance of the Underlying, therefore the investor will receive, on the Settlement Date, a Cash Settlement Amount – if positive – equal to the difference between the Strike Price and the Final Reference Value, multiplied by the Multiplier.

- (ii) WITH ANNUAL MANAGEMENT FEE:

*Max [0; (Strike Price – Final Reference Value) x Multiplier x Annual Management Fee] x Minimum Exercise Amount*

In this case, the exposure of the investor will be inversely proportioned to the performance of the Underlying, therefore, the investor will receive, on the Settlement Date, a Cash Settlement Amount – if positive – equal to the difference between the Strike Price and the Final Reference Value multiplied by the Multiplier, net of the Annual Management Fee.

- (iii) WITH VARIABLE MANAGEMENT FEE:

*Max [0; (Strike Price – Final Reference Value) x Multiplier x Annual Management Fee x Variable Management Fee] x Minimum Exercise Amount*

In this case, the exposure of the investor will be inversely proportioned to the performance of the Underlying, therefore, the investor will receive, on the Settlement Date, a Cash Settlement Amount – if positive – equal to the difference between the Strike Price and the Final Reference Value multiplied by the Multiplier, net of the Variable Management Fee.

#### **F. OUTPERFORMANCE CERTIFICATES**

##### **LONG OUTPERFORMANCE CERTIFICATES**

- a. ***If the Final Reference Value is equal to or higher than the Initial Reference Value:***

*{[Initial Reference Value + Up Participation Factor x (Final Reference Value – Initial Reference Value)] x Multiplier} x Minimum Exercise Amount*

In this case, the investor will receive, on the Settlement Date, a Cash Settlement Amount, if positive, linked to the performance of the Underlying, depending on the Up Participation

Factor.

If the relevant Final Terms provide a Cap Level:

$\{\{\text{Min} [(Initial Reference Value + Up Participation Factor \times (Final Reference Value - Initial Reference Value)); Cap Level]\} \times Multiplier\} \times Minimum Exercise Amount$

In this case the investor will receive, on the Settlement Date, a Cash Settlement Amount, if positive, linked to the performance of the Underlying, depending on the Up Participation Factor, subject to a maximum level equal to the Cap Level multiplied by the Multiplier.

**b. *If the Final Reference Value is lower than the Initial Reference Value:***

$\{\{Initial Reference Value + Down Participation Factor \times (Final Reference Value - Initial Reference Value)\} \times Multiplier\} \times Minimum Exercise Amount$

In this case the investor will receive, on the Settlement Date, a Cash Settlement Amount, if positive, linked to the performance of the Underlying, depending on the Down Participation Factor.

**SHORT OUTPERFORMANCE CERTIFICATES**

**a. *If the Final Reference Value is equal to or lower than the Initial Reference Value:***

$\{\{Initial Reference Value + Up Participation Factor \times (Initial Reference Value - Final Reference Value)\} \times Multiplier\} \times Minimum Exercise Amount$

In this case, on the Settlement Date, the investor will receive a Cash Settlement Amount, if positive, linked to the performance of the Underlying depending on the Up Participation Factor.

If the relevant Final Terms provide a Cap Level:

$\{\{\text{Min} [(Initial Reference Value + Up Participation Factor \times (Initial Reference Value - Final Reference Value)); Cap Level]\} \times Multiplier\} \times Minimum Exercise Amount$

In this case, on the Settlement Date the investor will receive a Cash Settlement Amount, if positive, linked to the performance of the Underlying depending on the Up Participation Factor, subject to a maximum level equal to the Cap Level multiplied by the Multiplier.

**b. *If the Final Reference Value is higher than the Initial Reference Value:***

$\{\{\text{Max} [0; [Initial Reference Value + Down Participation Factor \times (Initial Reference Value - Final Reference Value)]\} \times Multiplier\} \times Minimum Exercise Amount$

In this case, on the Settlement Date, the investor will receive a Cash Settlement Amount, if positive, linked to the performance of the Underlying depending on the Down Participation Factor.

**G. *BUFFER PROTECTION CERTIFICATES***

In relation to such type, the formula for the calculation of the Cash Settlement Amount will depend on whether a Buffer Event has occurred. In particular:

**a. *If the Buffer Event has not occurred during the life of the Certificates:***

$(Initial Percentage \times Initial Reference Value \times Multiplier) \times Minimum Exercise Amount$

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

**b. If the Buffer Event has occurred during the life of the Certificates**

*Max (Protection Percentage x Issue Price ; Issue Price x [1+ (Performance Sum – Buffer Percentage)])*

In relation to such type, the investor will receive in any case at least a percentage of the Issue Price depending on the Protection Percentage as set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount which will depend on the Performance Sum and the Buffer Percentage, as specified in the applicable Final Terms.

**H. GLOBAL PERFORMANCE CERTIFICATES**

*Max {Protection Percentage x Issue Price; Issue Price x [1+ (Global Performance)]}*

In relation to such type, the investor will receive in any case at least a percentage of the Issue Price depending on the Protection Percentage as set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount which will depend on the Global Performance.

If the relevant Final Terms provide a Cap Amount:

*Min {Cap Amount; Max {Protection Percentage x Issue Price; Issue Price x [1+ (Global Performance)]}}*

In relation to such type, the investor will receive in any case at least a percentage of the Issue Price depending on the Protection Percentage as set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount which will depend on the Global Performance. In any case such amount will not be higher than the Cap Amount.

**I. LUCKY PROTECTION CERTIFICATES**

**LONG LUCKY PROTECTION CERTIFICATES**

**a. If the Final Reference Value is equal to or higher than the Initial Reference Value:**

*[Initial Reference Value + Participation Factor x (Final Reference Value – Initial Reference Value)] x Multiplier x Minimum Exercise Amount*

In this case, the investor will receive, on the Settlement Date, a Cash Settlement Amount, if positive, which reflects the positive performance of the Underlying, depending on the Participation Factor.

Or:

*(Initial Percentage x Initial Reference Value x Multiplier) x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

**b. If the Final Reference Value is lower than the Initial Reference Value:**

*Max {Dropdown Protection Level x Initial Reference Value x Multiplier; Min [Initial Reference Value; Initial Reference Value + Final Leverage x (Final Reference Value – Initial Reference Value)] x Multiplier} x Minimum Exercise Amount*

In this case, the amount that the investor will receive will never be lower than the Dropdown Protection Level, a percentage on the Initial Reference Value specified in the relevant Final Terms.

#### **SHORT LUCKY PROTECTION CERTIFICATES**

**a. If the Final Reference Value is equal to or lower than the Initial Reference Value:**

*[Initial Reference Value + Participation Factor x (Initial Reference Value – Final Reference Value)] x Multiplier x Minimum Exercise Amount*

In this case, on the Settlement Date, the investor will receive a Cash Settlement Amount, if positive, inversely proportioned to the performance of the Underlying depending on the Participation Factor.

Or:

*(Initial Percentage x Initial Reference Value x Multiplier) x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

**b. If the Final Reference Value is higher than the Initial Reference Value:**

*Max {Dropdown Protection Level x Multiplier; Min [Initial Reference Value; Initial Reference Value + Final Leverage x (Initial Reference Value – Final Reference Value)] x Multiplier} x Minimum Exercise Amount*

In this case, the amount that the investor will receive will never be lower than the Dropdown Protection Level, a percentage on the Initial Reference Value specified in the relevant Final Terms.

#### **J. DYNAMIC PROTECTION CERTIFICATES**

##### **LONG DYNAMIC PROTECTION CERTIFICATES**

**a. If the Final Reference Value is equal to or higher than the Initial Reference Value:**

*[Initial Reference Value + Participation Factor x (Final Reference Value – Initial Reference Value)] x Multiplier x Minimum Exercise Amount*

In this case, the investor will receive, on the Settlement Date, a Cash Settlement Amount which reflects the positive performance of the Underlying, depending on the Participation Factor.

Or:

*(Initial Percentage x Initial Reference Value x Multiplier) x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

**b. If the Final Reference Value is lower than the Initial Reference Value but equal to or higher than the Dynamic Protection Level:**

*{Initial Reference Value + [(Initial Gearing – Final Gearing) x (Final Reference Value – Initial Reference Value)]} x Multiplier x Minimum Exercise Amount*

In this case, the investor will receive a Cash Settlement Amount linked to the performance of the Underlying multiplied by a percentage whose value will depend on the number of Gearing Events occurred during the life of the Certificates.

**c. If the Final Reference Value is lower than the Dynamic Protection Level:**

*[Protection Amount + (Step Up Amount x number of Gearing Events)] x Minimum Exercise Amount*

In this case, the investors will receive a Cash Settlement Amount represented by the sum of (i) the Protection Amount specified in the applicable Final Terms and (ii) the Step Up Amount, specified in the applicable Final Terms, multiplied by the number of Gearing Events occurred during the life of the Certificates;

**SHORT DYNAMIC PROTECTION CERTIFICATES**

**a. If the Final Reference Value is equal to or lower than the Initial Reference Value:**

*[Initial Reference Value + Participation Factor x (Initial Reference Value – Final Reference Value)] x Multiplier x Minimum Exercise Amount*

In this case, on the Settlement Date, the investor will receive a Cash Settlement Amount inversely proportioned to the negative performance of the Underlying depending on the Participation Factor.

Or:

*(Initial Percentage x Initial Reference Value x Multiplier) x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

**b. If the Final Reference Value is higher than the Initial Reference Value but equal to or lower than the Protection Level:**

*{Initial Reference Value + [(Initial Gearing – Final Gearing) x (Initial Reference Value – Final Reference Value)]} x Multiplier x Minimum Exercise Amount*

In this case, the investor will receive a Cash Settlement Amount linked to the performance of the Underlying multiplied by a percentage whose value will depend on the number of Gearing Events occurred during the life of the Certificates.

**c. If the Final Reference Value is higher than the Dynamic Protection Level:**

*[Protection Amount + (Step Up Amount x number of Gearing Events)] x Minimum Exercise Amount*

In this case, the investors will receive a Cash Settlement Amount represented by the sum of (i) the Protection Amount specified in the applicable Final Terms and (ii) the Step Up Amount, specified in the applicable Final Terms, multiplied by the number of Gearing Events occurred during the life of the Certificates.

**K. CURRENCY CERTIFICATES**

$$\sum_{i=1}^N [w_i x (\frac{\text{Initial Reference Value}_i}{\text{Final Reference Value}_i})] x \text{Issue Price}$$

Where:

"N" means the number of Underlyings specified in the applicable Final Terms,

"i" means the i-th exchange rate Underlying, and

"w<sub>i</sub>" is the Exchange Rate Weight in respect of the i-th exchange rate Underlying.

In relation to such type, the investor will receive a percentage of the Issue Price depending on the weighted sum of the performances of the Underlyings. The Issuer will indicate in the Final Terms: (i) the relevant exchange rate Underlying and (ii) the Exchange Rates Weights.

If the relevant Final Terms provide a Protection Percentage:

$$\sum_{i=1}^N [w_i \times \text{Max} [\text{Protection Percentage}_i; (\frac{\text{Initial Reference Value}_i}{\text{Final Reference Value}_i})]] \times \text{Issue Price}$$

In such case, the investor will receive at least an amount equal to the Protection Percentage set out by the Issuer in the relevant Final Terms, multiplied by the Issue Price.

## **L. MULTIPERFORMANCE CERTIFICATES**

### **MULTIPERFORMANCE LONG/SHORT CERTIFICATES**

*Initial Percentage x Issue Price x Minimum Exercise Amount*

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

### **MULTIPERFORMANCE MAX LONG CERTIFICATES**

*Max [(Initial Percentage x Issue Price); Issue Price x [1+ (Up Participation Factor x Cumulated Performance)]] x Minimum Exercise Amount*

In relation to such type, the investor will receive a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility to participate to the increasing Cumulated Performance of the Underlyings depending on the Up Participation Factor.

If the relevant Final Terms provide a Cap Amount:

*Min {Cap Amount; Max [(Initial Percentage x Issue Price); Issue Price x [1+ (Up Participation Factor x Cumulated Performance)]]} x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Amount specified in the relevant Final Terms.

### **MULTIPERFORMANCE MAX SHORT CERTIFICATES**

*Max [(Initial Percentage x Issue Price); Issue Price x [1 - (Up Participation Factor x Cumulated Performance)]] x Minimum Exercise Amount*

In relation to such type, the investor will receive a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility to participate to the negative (decreasing) Cumulated Performance of the Underlyings depending on the Up Participation Factor.

If the relevant Final Terms provide a Cap Amount:

$\text{Min}\{\text{Cap Amount}; \text{Max}[(\text{Initial Percentage} \times \text{Issue Price}); \text{Issue Price} \times [1 - (\text{Up Participation Factor} \times \text{Cumulated Performance})]]\} \times \text{Minimum Exercise Amount}$

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Amount specified in the relevant Final Terms.

**M. DUAL CURRENCY FX CERTIFICATES (LONG/SHORT)**

$\text{Initial Percentage} \times \text{Initial Reference Value} \times \text{Multiplier} \times \text{Minimum Exercise Amount}$

In relation to such type, the investor will receive on the Settlement Date an amount in the Issue Currency linked to a percentage of the Initial Reference Value of the Underlying (which will be an exchange rate) that will be specified in the applicable Final Terms as the Initial Percentage.

**N. GAP CERTIFICATES (LONG/SHORT)**

$\text{Initial Percentage} \times \text{Issue Price} \times \text{Minimum Exercise Amount}$

In such case, the investor will receive on the Settlement Date an amount linked to the Initial Percentage specified in the relevant Final Terms.

**O. SWITCH CERTIFICATES**

**a. If the Switch Event has not occurred during the life of the Certificates**

In relation to such type, the Cash Settlement Amount will be calculated according to one of the payout formulas set out for the other Typologies, that will differ from the payout formula that applies in the case that the Switch Event has occurred.

**b. If the Switch Event has occurred during the life of the Certificates**

In relation to such type, the Cash Settlement Amount will be calculated according to one of the payout formulas set out for the other Typologies, that will differ from the payout formula that applies in the case that the Switch Event has not occurred.

**P. WARRANTS**

**CALL WARRANTS**

$\text{Notional Amount} \times \text{Max}\{0\%; (\text{Final Reference Value} - \text{Strike Percentage} \times \text{Initial Reference Value}) / \text{Initial Reference Value}\}$

In relation to such type, the investor will receive in any case, an amount equal to the Notional Amount multiplied for the maximum between (i) 0% and (ii) the difference between the Final Reference Value and the Initial Reference Value multiplied by the Strike Percentage, divided by Initial Reference Value.

**CALL SPREAD WARRANTS**

$\text{Notional Amount} \times \text{Min}\{\text{CAP}; \text{Max}\{0\%; (\text{Final Reference Value} - \text{Strike Percentage} \times \text{Initial Reference Value}) / \text{Initial Reference Value}\}\}$

In relation to such type, the investor will receive in any case, an amount equal to Notional Amount multiplied for the minimum between (a) the Cap and (b) the maximum between (i) 0% and (ii) the difference between the Final Reference Value and the Initial Reference Value multiplied by the Strike Percentage, divided by Initial Reference Value.

## **PUT WARRANTS**

*Notional Amount x Max [0%; (Strike Percentage x Initial Reference Value - Final Reference Value)/ Initial Reference Value]*

In relation to such type, the investor will receive in any case, an amount equal to the Notional Amount multiplied for the maximum between (i) 0% and (ii) the difference between the Initial Reference Value multiplied by the Strike Percentage and Final Reference Value, divided by Initial Reference Value.

## **PUT SPREAD WARRANTS**

*Notional Amount x Min {CAP; Max [0%; (Strike Percentage x Initial Reference Value - Final Reference Value) / Initial Reference Value]}*

In relation to such type, the investor will receive in any case, an amount equal to the Notional Amount multiplied for the minimum between (a) the Cap and (b) the maximum between (i) 0% and (ii) the difference between the Initial Reference Value multiplied by the Strike Percentage and Final Reference Value, divided by Initial Reference Value.

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## **CALCULATION METHOD IN THE CASE OF NEGATIVE<sup>3</sup> PERFORMANCE OF THE UNDERLYING – IF A BARRIER EVENT OR A BARRIER GAP EVENT (in the case of Gap Certificates) OCCURRED:**

### **(1) BARRIER EVENT IN THE CASE OF STANDARD LONG CERTIFICATES, MAX LONG CERTIFICATES AND TWIN WIN CERTIFICATES**

In the case of Standard Long Certificates, Max Long Certificates and Twin Win Certificates, if **a Barrier Level is provided in the applicable Final Terms and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated in accordance with one of the following formulas:

(i) WITHOUT PROTECTION LEVEL, AIR BAG FACTOR, SIGMA AMOUNT, PREDETERMINED LOSS PERCENTAGE:

a) *(Final Reference Value x Multiplier) x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount linked to the performance of the Underlying (i.e. the investment in the Certificate is a direct investment in the Underlying) and therefore may be exposed to the total or partial loss of the capital invested.

If the applicable Final Terms provide a Cap Barrier Amount:

*Min[Cap Barrier Amount; (Final Reference Value x Multiplier)] x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

Or:

b) *{[Initial Reference Value + Down Participation Factor x (Final Reference Value – Initial Reference Value)] x Multiplier} x Minimum Exercise Amount*

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<sup>3</sup> In case of Max Short Certificates with Barrier Level, the performance of the Underlying will be positive for the purposes of the Barrier Event.



In this case the investor will receive, on the Settlement Date, a Cash Settlement Amount that depends on the Down Participation Factor.

(ii) WITH A PROTECTION LEVEL:

*[Max (Final Reference Value; Protection Level) x Multiplier] x Minimum Exercise Amount*

In such case, the protection of the capital invested will depend on the percentage of the Initial Reference Value that will be set out by the Issuer as Protection Level.

If the applicable Final Terms provide a Cap Barrier Amount:

*Min[Cap Barrier Amount; Max (Final Reference Value; Protection Level) x Multiplier] x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

(iii) WITHOUT PROTECTION LEVEL AND WITH THE AIR BAG FACTOR:

*[(Final Reference Value x Air Bag Factor) x Multiplier] x Minimum Exercise Amount*

In such case, the investor will receive at the maturity an amount which is not directly proportionate to the performance of the Underlying due to the Air Bag Factor. Consequently, the investment loss is lower than the loss of the value of the Underlying. Such reduction of the loss decreases with the reduction of the Final Reference Value until the Final Reference Value is equal to zero.

If the applicable Final Terms provide a Cap Barrier Amount:

*Min[Cap Barrier Amount; (Final Reference Value x Air Bag Factor) x Multiplier] x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

(iv) WITHOUT PROTECTION LEVEL AND WITH THE SIGMA AMOUNT:

*[(Final Reference Value x Multiplier) + Sigma Amount] x Minimum Exercise Amount*

In such case, whatever the performance linked to the Final Reference Value is, the investor will receive at least an amount equal to the Sigma Amount.

If the applicable Final Terms provide a Cap Barrier Amount:

*Min[Cap Barrier Amount; (Final Reference Value x Multiplier)+ Sigma Amount] x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

(v) WITHOUT PROTECTION LEVEL AND WITH THE PREDETERMINED LOSS PERCENTAGE:

*[(Initial Reference Value x Predetermined Loss Percentage) x Multiplier] x Minimum Exercise Amount*

In such case the investor will receive an amount which will depend on the Predetermined

Loss Percentage set out in the relevant Final Terms.

(2) **BARRIER EVENT IN THE CASE OF STANDARD SHORT CERTIFICATES AND MAX SHORT CERTIFICATES**

In the case of Standard Short Certificates and Max Short Certificates, if **a Barrier Level is provided and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated in accordance with one of the following formulas:

(i) WITHOUT SHORT PROTECTION AND PREDETERMINED LOSS PERCENTAGE:

a)  $Max \{0; [Initial Reference Value + (Initial Reference Value - Final Reference Value)] \times Multiplier\} \times Minimum Exercise Amount$

In such case, the investor will receive on the Settlement Date an amount which is inversely proportionated to the performance of the Underlying (i.e. in a short position in respect of the Underlying) and therefore may be exposed to the total or partial loss of the capital invested.

If the applicable Final Terms provide a Cap Barrier Amount:

$Min \{Cap Barrier Amount; Max \{0; [Initial Reference Value + (Initial Reference Value - Final Reference Value)] \times Multiplier\}\} \times Minimum Exercise Amount$

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

Or:

b)  $\{Max [0; [Initial Reference Value + Down Participation Factor \times (Initial Reference Value - Final Reference Value)]] \times Multiplier\} \times Minimum Exercise Amount$

In this case, on the Settlement Date, the investor will receive a Cash Settlement Amount, that depends on the Down Participation Factor.

(ii) WITH THE SHORT PROTECTION:

$Max \{Short Protection; [Initial Reference Value + (Initial Reference Value - Final Reference Value)] \times Multiplier\} \times Minimum Exercise Amount$

In such case, the protection of the capital invested will depend on the amount of the Short Protection set out in the relevant Final Terms.

If the applicable Final Terms provide a Cap Barrier Amount:

$Min \{Cap Barrier Amount; Max \{Short Protection; [Initial Reference Value + (Initial Reference Value - Final Reference Value)] \times Multiplier\}\} \times Minimum Exercise Amount$

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

(iii) WITH THE PREDETERMINED LOSS PERCENTAGE:

$[(Initial Reference Value \times Predetermined Loss Percentage) \times Multiplier] \times Minimum Exercise Amount$

In such case the investor will receive an amount which will depend on the Predetermined Loss Percentage set out in the relevant Final Terms.

### (3) **BARRIER EVENT IN THE CASE OF SPREAD CERTIFICATES**

In relation to the Spread Certificates, if **a Barrier Level is provided (indicated as an independant percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formula:

(i) **WITH THE PREDETERMINED LOSS PERCENTAGE**

$$\{ \{ [ (Initial\ Percentage_A \times Initial\ Reference\ Value_A \times Multiplier_A) + (Initial\ Percentage_B \times Initial\ Reference\ Value_B \times Multiplier_B) ] / 2 \} \times Predetermined\ Loss\ Percentage \} \times Minimum\ Exercise\ Amount$$

In this scenario, the amount that the investor will receive on the Settlement Date will depend on the Predetermined Loss Percentage set out in the relevant Final Terms by the Issuer;

(ii) **WITH THE SPREAD PROTECTION**

$$\{ \{ [ (Initial\ Percentage_A \times Initial\ Reference\ Value_A \times Multiplier_A) + (Initial\ Percentage_B \times Initial\ Reference\ Value_B \times Multiplier_B) ] / 2 \} \times [ 1 + Max(Spread\ Protection; Spread\ +/-\ Margin) ] \} \times Minimum\ Exercise\ Amount$$

In such case, the protection of the capital invested will depend on the percentage set out by the Issuer in the applicable Final Terms as the Spread Protection.

If the applicable Final Terms provide a Cap Barrier Amount:

$$Min\{Cap\ Barrier\ Amount; \{ \{ [ (Initial\ Percentage_A \times Initial\ Reference\ Value_A \times Multiplier_A) + (Initial\ Percentage_B \times Initial\ Reference\ Value_B \times Multiplier_B) ] / 2 \} \times [ 1 + Max(Spread\ Protection; Spread\ +/-\ Margin) ] \} \} \times Minimum\ Exercise\ Amount$$

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

(iii) **WITHOUT THE PREDETERMINED LOSS PERCENTAGE OR THE SPREAD PROTECTION**

The Cash Settlement Amount will be calculated pursuant to one of the following formulas and in accordance with the relevant Final Terms:

a) **Amount linked to the Spread**

$$\{ \{ [ (Initial\ Percentage_A \times Initial\ Reference\ Value_A \times Multiplier_A) + (Initial\ Percentage_B \times Initial\ Reference\ Value_B \times Multiplier_B) ] / 2 \} \times Max[0; (1 + Participation\ Factor\ (Spread\ +/-\ Margin))] \} \times Minimum\ Exercise\ Amount$$

In such case, the investor will receive on the Settlement Date an amount directly linked to the Spread (the differential registered between the Performance of the Underlying A and the Performance of the Underlying B) and therefore the investor may be exposed to the total or partial loss of the capital invested.

If the applicable Final Terms provide a Cap Barrier Amount:

$$Min\{Cap\ Barrier\ Amount; \{ \{ [ (Initial\ Percentage_A \times Initial\ Reference\ Value_A \times Multiplier_A) + (Initial\ Percentage_B \times Initial\ Reference\ Value_B \times Multiplier_B) ] / 2 \} \times Max[0; (1 + Participation\ Factor\ (Spread\ +/-\ Margin))] \} \} \times Minimum\ Exercise\ Amount$$

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms;

Or:

**b) Amount linked to the performance of the Underlying A**

*Final Reference Value<sub>A</sub> x Multiplier<sub>A</sub> x Minimum Exercise Amount*

In this case the investor will receive on the Settlement Date an amount linked to the Performance of the Underlying A (i.e. the investment in the Certificate is a direct investment in the Underlying A) and therefore the investor may be exposed to the total or partial loss of the capital invested.

If the applicable Final Terms provide a Cap Barrier Amount:

*Min [Cap Barrier Amount; (Final Reference Value<sub>A</sub> x Multiplier<sub>A</sub>)] x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms;

Or:

**c) Amount linked to the performance of the Underlying B**

*Final Reference Value<sub>B</sub> x Multiplier<sub>B</sub> x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount linked to the Performance of the Underlying B (i.e. the investment in the Certificate is a direct investment in the Underlying B) and therefore the investor may be exposed to the total or partial loss of the capital invested.

If the applicable Final Terms provide a Cap Barrier Amount:

*Min [Cap Barrier Amount; (Final Reference Value<sub>B</sub> x Multiplier<sub>B</sub>)] x Minimum Exercise Amount*

In such case, the amount that the investor will receive at the Settlement Date will not exceed the Cap Barrier Amount specified in the relevant Final Terms.

**(4) BARRIER EVENT IN THE CASE OF MULTIPERFORMANCE LONG CERTIFICATES AND MULTIPERFORMANCE MAX LONG CERTIFICATES**

**(i) WITHOUT THE PROTECTION AMOUNT:**

*Issue Price x (1+ Down Participation Factor x Cumulated Performance) x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount which will depend on the Cumulated Performance of the Underlyings and the Down Participation Factor, as specified in the applicable Final Terms.

**(ii) WITH THE PROTECTION AMOUNT:**

*Max [Protection Amount; Issue Price x (1+ Down Participation Factor x Cumulated Performance)] x Minimum Exercise Amount*

In such case, the Cash Settlement Amount will not be lower than the amount specified in the applicable Final Terms as the Protection Amount.

**(5) BARRIER EVENT IN THE CASE OF MULTIPERFORMANCE SHORT CERTIFICATES AND MULTIPERFORMANCE MAX SHORT CERTIFICATES**

(i) WITHOUT THE PROTECTION AMOUNT:

*Issue Price x (1- Down Participation Factor x Cumulated Performance) x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount which will depend on the Cumulated Performance of the Underlyings and the Down Participation Factor, as specified in the applicable Final Terms.

(ii) WITH THE PROTECTION AMOUNT:

*Max [Protection Amount; Issue Price x (1- Down Participation Factor x Cumulated Performance)] x Minimum Exercise Amount*

In such case, the Cash Settlement Amount will not be lower than the amount specified in the applicable Final Terms as the Protection Amount.

**(6) BARRIER GAP EVENT IN THE CASE OF GAP LONG CERTIFICATES**

*Issue Price x Max [0; 100% + Barrier Gap Leverage x (Gap Daily Performance - Barrier Gap Level)] x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount which will depend on the Barrier Gap Leverage, the Gap Daily Performance and the Barrier Gap Level. Therefore the investor may be exposed to the total or partial loss of the capital invested.

**(7) BARRIER GAP EVENT IN THE CASE OF GAP SHORT CERTIFICATES**

*Issue Price x Max [0; 100% + Barrier Gap Leverage x (Barrier Gap Level - Gap Daily Performance)] x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount which will depend on the Barrier Gap Leverage, the Gap Daily Performance and the Barrier Gap Level. Therefore the investor may be exposed to the total or partial loss of the capital invested.

**(8) BARRIER EVENT IN THE CASE OF DUAL CURRENCY FX LONG/SHORT CERTIFICATES**

The investor will receive on the Settlement Date an amount in the Settlement Currency, which may be the Issue Currency or the Dual Currency, depending on the Final Reference Value of the Underlying (which will be an exchange rate), and it will be calculated pursuant to one of the following formulas set out in the relevant Final Terms:

**a. If the Barrier Event depends on the Final Reference Value:**

*[(Initial Percentage x Initial Reference Value x Multiplier) x Conversion Rate]*

In this case the investor will receive a predetermined amount in the Dual Currency, which will depend on the Conversion Rate and on the Initial Percentage.

**b. If the Barrier Event depends on the Reference Value:**

- (i) If the Final Reference Value is equal to or higher than (in case of Dual Currency FX Long Certificates) or is equal to or lower than (in case of Dual Currency FX Short Certificates) the Strike Level:

*Initial Percentage x Initial Reference Value x Multiplier*

In this case the investor will receive a predetermined amount in the Issue Currency that depends on a percentage of the Initial Reference Value, i.e. the Initial Percentage.

- (ii) If the Final Reference Value is lower than (in case of Dual Currency FX Long Certificates) or higher than (in case of Dual Currency FX Short Certificates) the Strike Level:

*[(Initial Percentage x Initial Reference Value x Multiplier) x Conversion Rate]*

In this case the investor will receive a predetermined amount in the Dual Currency, which will depend on the Conversion Rate and on the Initial Percentage.

\*\*\*\*

In relation to the Remuneration Amounts, the Early Redemption Amount and the Cash Settlement Amount, the following options concerning the underlying assets may be applicable, as specified from time to time in the relevant Final Terms:

***Series with two or more underlying assets***

**Best Of Feature**

For the calculation of the Settlement Amount and/or the Early Redemption Amount (if applicable) and/or of any Remuneration Amounts (if applicable), the Calculation Agent selects, in relation to the relevant valuation period, the Best Of Underlying which is the underlying asset with the first, second or third (and so on, depending on the number of the Underlyings and as specified in the Final Terms) best Performance compared with the other underlying assets.

**Worst Of Feature**

For the calculation of the Settlement Amount and/or the Early Redemption Amount (if applicable) and/or of any Remuneration Amounts (if applicable), the Calculation Agent selects, in relation to the relevant valuation period, the Worst Of Underlying which is the underlying asset with the first, second or third (and so on, on the basis of the number of the Underlyings and as specified in the Final Terms) worst Performance compared with the other underlying assets.

***Series with a Basket as Underlying***

**Digital Combo Feature (in case of Digital Amounts)**

For the calculation of the Digital Amount, the Calculation Agent will determine whether a Digital Event has occurred (and eventually will determine the Consolidation Level, the Memory Level, the Knock-out Level, the Knock-in Level) in relation to each Basket Constituent. The amount of the Digital Amount will therefore depend on the number of Basket Constituents in relation to which the Digital Event has occurred.

**Participation Combo Feature (in case of Participation Remuneration Amounts)**

For the calculation of the Participation Remuneration Amounts linked to a Basket, the Calculation Agent will determine (i) the arithmetic mean or (ii) the weighted average (as specified in the applicable Final Terms) or (iii) the sum of the Participation Amounts for each single Basket Constituent, as calculated taking into account for each single Basket Constituent the relevant CAP, Floor Percentage, Participation Factor, Strike Remuneration Percentage, as defined in the Final Terms. However, for the purpose of the calculation of the Cash Settlement Amount and the Early Redemption Amount (if applicable), the Calculation Agent will take into account the Initial Reference Value, the Final Reference Value, the Early Redemption Level (if applicable), the Barrier Level (if applicable), the Cap Level (if applicable) and the Protection Level (if applicable) in relation to the Basket as a whole. Such calculation method shall not apply to Spread Certificates and Multiperformance Certificates.

### **Rainbow Feature**

Unlike the instruments linked to one or more Underlying(s), the Issuer will indicate in the Final Terms: (i) the financial activities which represent the Basket Constituents, (ii) the percentage of the weights within the Basket without any preliminary reference to specific financial activities and (iii) the objective criteria pursuant to which the weight will be allocated by the Calculation Agent (for instance, in a Basket constituted by three financial activities, the Basket would be weighted as follows: 50% for the Basket Constituent with the best performance; 30% for the Basket Constituent with the worst performance; and 20% for a Basket Constituent with the second best performance).

For each determination (during the life of the Certificates and at the exercise date), the Calculation Agent will weigh the relevant Basket Constituents on the basis of the performance registered on such Determination Date and pursuant to the objective criteria provided under the Final Terms. The allocation of the weights within a Basket may result differently on each Determination Date and depending on the performance of the Basket Constituents.

The Calculation Agent will then calculate the total amount of the Basket pursuant to the methods applied to the instruments normally linked to the Basket. Such feature shall not apply to the Spread Certificates.

## ANNEX TO THE TERMS AND CONDITIONS OF THE SECURITIES - DESCRIPTION OF PROPRIETARY INDICES

The following provisions shall apply in respect of the Proprietary Index that will be set as the Underlying in the relevant Final Terms. For the avoidance of any doubt, defined terms used in this Annex shall only apply in respect of Proprietary Index Securities.

### 1. Strategy of the Proprietary Index

The Proprietary Index is a *Price Return Index* established and calculated by Banca IMI S.p.A.

The investment strategy is based on the allocation between a Risky Component and a Non-Risky Component based on a rule which aims to achieve a stable predefined realized volatility of the strategy itself. The targeted level of volatility is the driving element of the allocation rule.

### 2. Definitions

The following definitions shall be deemed inserted into Condition 3 (*Definitions*) within the section "Terms and Conditions of the Securities" in alphabetical order:

**Calculation Agent** means Banca IMI S.p.A.

**Calculation Date** means any Business Day which is also a Scheduled Fund Valuation Date starting on the Initial Calculation date (included) to the Final Calculation Date (included);

**Currency of the Proprietary Index** means EUR;

**Component** means either the Non-Risky Component or the Risky Component of the Proprietary Index;

**Composition** means the weight percentage of each Component as of the latest Rebalancing Date;

**Cut-off Period** the period of 6 consecutive Business Days starting on the Expected Final Calculation Date (included);

**Disrupted Day** means any day on which a Market Disruption Event, as defined in Condition 7 (*Market Disruption Events*), occurs in relation to either the Proprietary Index, or the Index Reference Fund, or the EONIA Rate;

**EONIA Rate** (euro overnight index average) means the rate which is a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated by the European Central Bank (acting as the calculation entity) as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks. It is published on Bloomberg under the following code: <EONIA Index>;

**Exchange Business Day** means, in relation to the:

(A) *Proprietary Index*:

the day on which the Calculation Agent determines and publishes the Proprietary Index Level;

(B) *Index Fund*:



any day on which the Net Asset Value of the Index Fund is (or would have been if a Market Disruption Event had not occurred) determined and/or published by the Fund Manager;

(C) *EONIA Rate*:

any day on which the EONIA Rate is determined and/or published by the calculation entity;

**Execution Delay** or **D** means, for an Index Fund, the number of Exchange Business Days that, according to the Index Fund documentation, have to pass before a duly completed and timely submitted notice of a Hypothetical Investor requesting a subscription or redemption is processed and executed on a Fund Valuation Date at the relevant NAV;

**Expected Final Calculation Date** means the date specified in the applicable Final Terms, or if no Scheduled Redemption Valuation Date is occurring on such date, the immediately following Scheduled Redemption Valuation Date, which is also a Business Day;

**Final Calculation Date** means the Expected Final Calculation Date provided that it is not a Disrupted Day. Otherwise, the Final Calculation Date is postponed according to the provisions described below in Condition 7 (*Market Disruption Events*);

**Fund Interest** means an interest held by an investor in an Index Fund. The elected Fund Interest units must be denominated in EUR;

**Fund Manager** means the Management Company (as defined below), the director, the manager or other entity which is responsible for publishing the Net Asset Value on behalf of the Management Company;

**Fund Valuation Date** means, with respect to any Fund Interest, the date as of which the related Index Fund (or its Fund Manager that generally determines such value) determines the value of such Fund Interest;

**Hypothetical Investor** means, in respect of an Index Fund, a hypothetical investor in Fund Interests of such Index Fund deemed (a) to have the benefits and obligations, pursuant to the Index Fund documents, of an investor holding an interest in such Index Fund, (b) in the case of any deemed investment in such Fund Interests, to have submitted a duly completed and timely notice requesting a subscription for the relevant number of such Fund Interests, (c) in case of any deemed redemption of an investment in such Fund Interests, to have submitted a duly completed and timely notice requesting a redemption of the relevant number of such Fund Interests.

**Index Fund** means, in respect of a Fund Interest, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest. The applicable Final Terms will list, in relation to the Proprietary Index, the Index Funds that have to meet the following requirements:

- (i) qualify as an undertaking for collective investment in transferable securities within the scope of Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (e.g. Exchange Traded Funds, UCITS common funds); and
- (ii) have a daily liquidity.

**Index Reference Fund** means the Index Fund that, on any Calculation Date  $t$ , has been elected as the Risky Component of the Proprietary Index. At the Initial Calculation Date, the Index Reference Fund will be the Index Fund A;

**Initial Calculation Date** means the date specified in the applicable Final Terms or if no Scheduled Fund Valuation date is occurring on such date, the immediately following Scheduled Fund Valuation Date which is also a Business Day;

**Initial Risky Component Calculation Date** means the (21 + L + D)-th Fund Valuation Date preceding the Initial Calculation date (where L is the NAV Lag and D is the Execution Delay);

**Level of the Non-Risky Component** means the level of the Non-Risky Component determined by the Calculation Agent as follows:

- (i) in relation to the Initial Calculation Date, equal to 100; or
- (ii) in relation to any Calculation Date  $t$ ,

$$\text{Level of the Non-Risky Component}_t = \text{Level of the Non-Risky Component}_{t-1} \times (1 + \text{EONIA}_{t-1} \times \text{DD}_t/360)$$

Where:

"*Level of the Non-Risky Component<sub>t</sub>*" means the Level of the Non Risky Component on the Calculation Date  $t$ ;

"*Level of the Non-Risky Component<sub>t-1</sub>*" means the Level of the Non Risky Component on the last date prior to the Calculation Date  $t$  on which the Level of the EONIA Rate has been published;

"*EONIA<sub>t-1</sub>*" means the level of EONIA Rate as of the last date prior to the Calculation Date  $t$  on which the EONIA Rate has been published by the relevant calculation entity,

"*DD<sub>t</sub>/360*" means the number of calendar days from the last date (excluded) prior to the Calculation Date  $t$  on which the EONIA Rate has been published and the Calculation Date  $t$  (included), divided by 360.

**Lower Bound** means the value specified in the applicable Final Terms;

**Management Company** is the entity responsible for the management of the Index Fund;

**Non-Risky Component** means the daily compounding of the EONIA Rate.

**NAV Lag** or **L** means, for an Index Fund, the number of Exchange Business Days from a certain Fund Valuation Date (excluded) to the first date (included) on which the NAV, which is the relevant NAV for that Fund Valuation Date, is available to the public before noon (for example, if the relevant NAV for date  $t$  is available on  $t+1$  at 6 pm, then NAV Lag equals 2 BDs);

**Proprietary Index Level** means the level of the Proprietary Index either on the Initial Calculation Date or on any other Calculation Date, determined in accordance with Condition 5 (*Method and formulas of calculation*);

**Rebalancing Date** means either:

- (i) the Initial Calculation Date; or
- (ii) any Calculation Date  $t$ , which falls after the Initial Calculation Date but before the Calculation Date falling (L + D) Exchange Business Days before the Expected Final Calculation Date (where L is the NAV Lag and D is the Execution Delay), on which all the Volatility Rebalancing Conditions are met; or

(iii) a Fund Substitution Date;

**Redemption Valuation Date** means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Index Fund (or its Fund Manager that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that had submitted a valid and timely notice for redemption on such date;

**Relevant Price** means the price per Fund Interest unit of the Index Reference Fund or of the Substitutive Fund determined by the Calculation Agent subject to those adjustments that the Calculation Agent may apply to reflect, without duplication:

- (i) such fees and costs as would be charged to the Hypothetical Investor pursuant to the relevant Index Fund documentation;
- (ii) the redemption proceeds relating to such Fund Interest in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to the Final Calculation Date and to any Fund Substitution Date;

**Risky Component** means the Index Reference Fund;

**Scheduled Fund Valuation Date** means, with respect to any Fund Interest, a date on which the related Index Reference Fund (or its Fund Manager that generally determines the value) is scheduled, according to the Index Fund documentation (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or of its aggregate net asset value;

**Scheduled Redemption Valuation Date** means, with respect to any Fund Interest, the date as of which the Index Reference Fund (or its Fund Manager that generally determines the value) is scheduled, according to its Fund documentation (without giving effect to any gating, deferral, suspension or other provisions permitting the Index Fund to delay or refuse redemption of Fund Interests) to determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor;

**Target Volatility Level** means the level to be specified in the applicable Final Terms;

**Upper Bound** means the value specified in the applicable Final Terms;

**Volatility Date(s)** means, for each Calculation Date  $t$ , the 22 Fund Valuation Dates immediately preceding the relevant Volatility Limit Date;

**Volatility Limit Date** means, for each Calculation Date  $t$  the  $(L + D - 1)$ -th Fund Valuation Date preceding  $t$  (where  $L$  is the NAV Lag and  $D$  is the Execution Delay).

### 3. Composition

The Risky Component is composed by the Index Reference Fund elected among the Index Funds listed in the applicable Final Terms. The value of the Index Reference Fund is represented by the reported value (subject to certain adjustments by the Calculation Agent) of its units as identified by the specified ISIN code. The value of the Risky Component depends therefore on the results of a hypothetical investment in the Index Reference Fund and it is subject to all the events that would affect such investment by a hypothetical investor in the Index Reference Fund. The units of the Index Reference Fund included in the Risky Component distribute no dividend.

The Non-Risky Component is the daily compounding of the EONIA Rate.

#### 4. Fund selection and substitution

In relation to the Proprietary Index, the relevant Final Terms will list a minimum number of two Index Funds. Among those Index Funds, the Index Fund A will be elected as Index Reference Fund at the Initial Calculation Date. The other Index Fund(s) of the list may then be elected as Index Reference Fund following a Fund Exposure Event (defined as follows).

The relevant Final Terms will assign to each Index Fund the relevant label (Index Fund A, Index Fund B, etc.). For each of the labeled Index Funds, the applicable Final Terms will specify the following details:

- (i) the ISIN Code of the elected Fund Interest units;
- (ii) the full name of the Index Fund;
- (iii) the investment policy of the Index Fund;
- (iv) the Management Company or the entity that performs the net asset value calculations;
- (v) the website where the Index Fund documentation is available and freely accessible;
- (vi) the NAV Lag;
- (vii) the Execution Delay;
- (viii) the applicable calendar (for example: TARGET, Banking Days in Luxembourg etc.).

If the Calculation Agent determines that the Issuer holds more than 20% of the aggregate net asset value of the Index Reference Fund, such day shall be deemed to be the "**Fund Exposure Event Day**". On the Fund Exposure Event Day the Index Reference Fund will become the "**Substituted Fund**" and another Index Fund listed in the Final Terms will become the "**Substitutive Fund**".

The first Calculation Date following the Fund Exposure Event Day that is not a Disrupted Day for either the Substituted Fund and the Substitutive Fund (such Calculation Date, the "**Fund Substitution Date**") shall be deemed to be a Rebalancing Date and, therefore, a Rebalancing (as defined in Condition 6 below) will take place.

For the purposes of such Rebalancing:

- (i) the Proprietary Index Level is obtained using the Relevant Price of the Substituted Fund;
- (ii) the Risky Component Volatility (" $\sigma_t$ ") is obtained using the Relevant Prices of the Substitutive Fund.

Starting from the first Calculation Date following the Fund Substitution Date, the Risky Component is solely comprised of the Substitutive Fund, which will become the Index Reference Fund.

#### 5. Method and formulas of calculation

The Proprietary Index Level will be equal to  $I_0 = 100$  on the Initial Calculation Date and, on any other Calculation Date  $t$ , will be determined by the Calculation Agent according to the following formula, rounded off the tenth decimal:

$$ProprietaryIndexLevel_t = ProprietaryIndexLevel_y \times \left( 1 + \%RA_{eff_y} \times \left( \frac{NAV_t}{NAV_y} - 1 \right) + \%RF_y \times \left( \frac{RF_t}{RF_y} - 1 \right) \right) - Fees_t$$

With:

$$Fees_t = I_0 \times \%Fees \times FeesYF_{y,t}$$

Where:

"*t*" means each Calculation Date;

"*y*" means the Rebalancing Date immediately preceding Calculation Date *t*;

"**Proprietary Index Level<sub>t</sub>**", or "***I<sub>t</sub>***", means the closing level of the Proprietary Index on the Calculation Date *t*;

"**Proprietary Index Level<sub>y</sub>**", or "***I<sub>y</sub>***", means the closing level of the Proprietary Index on the Rebalancing Date immediately preceding the Calculation Date *t*;

"**NAV<sub>t</sub>**" means the Relevant Price of the Index Reference Fund on Calculation Date *t*;

"**NAV<sub>y</sub>**" means the Relevant Price of the Index Reference Fund on the Rebalancing Date immediately preceding Calculation Date *t*;

"**%RA<sub>eff<sub>y</sub></sub>**" means the Effective Risky Component Weight (as defined below) as determined on the Rebalancing Date immediately preceding Calculation Date *t*;

"**RF<sub>t</sub>**" means the Level of the Non-Risky Component as observed on Calculation Date *t*;

"**RF<sub>y</sub>**" means the Level of the Non-Risky Component on the Rebalancing Date immediately preceding Calculation Date *t*;

"**%RF<sub>y</sub>**" means Non-Risky Component Weight (as defined below) as determined on the Rebalancing Date immediately preceding Calculation Date *t*;

"**%Fees**" means the Annual Percentage Fees specified in the applicable Final Terms;

"**FeesYF<sub>y, t</sub>**" means the year fraction, calculated as the number of calendar days between *y* (included) and Calculation Date *t* (excluded), divided by 365;

## 6. Weights Determination Methodology

On each Calculation Date *t*, the portion of the Proprietary Index Level that is invested in the Index Reference Fund (i.e. the Risky Component) is represented by a certain number of Index Reference Fund shares valued at the relevant NAV. Such number of shares is constant between two consecutive Rebalancing Dates and it changes on each Rebalancing Date: when a Rebalancing occurs a certain number of new shares is added to the previous number of shares (old shares). In particular when the Rebalancing requires to increase the exposure to the Risky Component, the number of new shares is positive, while if the Rebalancing requires to reduce such exposure the new shares number is negative. The new shares due to a certain Rebalancing are invested/disinvested at the Relevant Price as of the corresponding Rebalancing Date. In order to determine whether Calculation Date *t* is a Rebalancing Date, it is necessary to compare the optimal exposure to the Risky Component %RA<sub>t</sub> (as defined below) with %RA<sub>eff<sub>y</sub></sub> (as defined below), where the calculation of the optimal exposure to the Risky Component is based on the volatility of the Risky Component (given by the annualized

standard deviation of its daily returns). If Calculation Date  $t$  is a Rebalancing Date new shares will be added/subtracted due to such a Rebalancing.

Based on the shares (old and new) on each Calculation Date it is possible to determine the effective exposure to the Risky Component ("**Effective Risky Component Weight**", or "**%RAeff<sub>t</sub>**") on the basis of the following formula:

$$\%RAeff_t = \frac{(OS_t + NS_t) \times NAV_t}{I_t}$$

where

" $OS_t$ " means the number of old shares and is determined as follows:

$$OS_t = \begin{cases} 0 & \text{if } t = t_0 \\ OS_{t-1} + NS_{t-1} & \text{if } t > t_0 \end{cases}$$

where  $t_0$  means the Initial Calculation Date;

and

" $NS_t$ " means the number of new shares and is determined as follows:

$$NS_t = \begin{cases} \frac{I_0 \times \%RA_t}{NAV_t} & \text{if } t = t_0 \\ 0 & \text{if } t > t_0 \text{ and } t \text{ is not a Rebalancing Date} \\ \frac{I_{t-D-L} \times (\%RA_t - \%RAeff_y)}{NAV_t} & \text{if } t > t_0 \text{ and } t \text{ is a Rebalancing Date} \end{cases}$$

" $\%RA_t$ " or the "Optimal Risky Component Weight" is determined as of Calculation Date  $t$  according to the following formula:

$$\%RA_t = \text{Max} \left( 0, \text{Min} \left( 100\%, \frac{TV}{\sigma_t} \right) \right)$$

Where:

" $TV$ " means the Target Volatility Level;

" $\sigma_t$ " means the "Risky Component Volatility" and is the annualized volatility of the Risky Component, calculated as the historical volatility of the Risky Component, according to the following formula:

$$\sigma_t = \sqrt{\frac{\sum_{s=t-(21+L+D)}^{t-(L+D)} [\ln(P_s)]^2}{21}} \times 252$$

Where:

"D" means the Execution Delay;

"L" means the NAV Lag;

"s" means from  $t - (21+L+D)$  to  $t - (L+D)$ , each of the 22 Volatility Dates immediately preceding Calculation Date ( $t - D - L + 1$ );

"P<sub>s</sub>" means the daily performance of the Index Reference Fund, determined from the Initial Risky Component Calculation Date onward in accordance with the following formula:

$$P_s = \frac{NAV_s}{NAV_{s-1}}$$

For the avoidance of any doubt, with regards to the Volatility Date  $s = t - (21+L+D)$ , the calculation of P<sub>s</sub> is based also on the Relevant Price of the Index Reference Fund as of date  $t - (21+L+D) - 1$ , which is the first Fund Valuation Date preceding the Volatility Date  $s = t - (21+L+D)$ .

On each Calculation Date  $t$  before the  $(L + D)$ -th Calculation Date preceding the Expected Final Calculation Date a check is performed in order to determine whether the actual allocation should change or not. In particular, based on the current Optimal Risky Component Weight and on the Effective Risky Component Weight as of the latest Rebalancing Date, the allocation shall change only if both the following conditions (the "Rebalancing Conditions") are met:

(i)  $\frac{\%RA_{eff}_y}{\%RA_t} > UB$  or  $\frac{\%RA_{eff}_y}{\%RA_t} < LB$

(ii) none of the Calculation Dates from  $[t - (D + L)]$  (excluded) to  $(t - 1)$  (included) is a Rebalancing Date.

Where

"y" means the Rebalancing Date immediately preceding Calculation Date  $t$ ;

"%RA<sub>t</sub>" means Optimal Risky Component Weight calculated on Calculation Date  $t$ ;

"%RA<sub>eff</sub><sub>y</sub>" means Effective Risky Component Weight calculated on the Rebalancing Date immediately preceding Calculation Date  $t$ ;

"UB" is the Upper Bound;

"LB" is the Lower Bound.

Once the Rebalancing Conditions are satisfied, a rebalancing takes place on such Rebalancing Date with a new allocation targeting the predefined level of volatility of the Proprietary Index (a "Rebalancing").

On each Calculation Date  $t$ , the Non-Risky Component Weight (the "%RF<sub>t</sub>") assigned is defined as:

$$\%RF_t = (100\% - \%RA_{eff}_y).$$

## 7. Market Disruption Events

### 7(1) Market Disruption Events in relation to the Index Reference Fund

Market Disruption Events means, on a Scheduled Fund Valuation Date, or on a Scheduled Redemption Valuation Date and occurring at any time on the relevant Scheduled Fund Valuation

**Date or Scheduled Redemption Valuation Date, the occurrence of the following events:**

- (i) the failure to publish or determine the net asset value of the Index Reference Fund;
- (ii) any other event similar to the event set out above which makes it impossible or impracticable for the Calculation Agent to perform its duties pursuant to the Securities.

**Market Disruption Events occurring on the Expected Final Calculation Date:**

If the Calculation Agent determines a Market Disruption Event has occurred on the Expected Final Calculation Date, then the Expected Final Calculation Date is postponed to the next following Scheduled Redemption Valuation Date on which the Market Disruption Event ceases.

If no day that is not a Disrupted Day has occurred prior to the last day of the Cut-off Period, the last day of the Cut-off Period shall be deemed to be the Final Basket Calculation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine the good faith estimate value for that Index Reference Fund.

**Market Disruption Events occurring on the Initial Calculation Date:**

If the Calculation Agent determines a Market Disruption Event has occurred on the Initial Calculation Date, in such case:

- (i) if the Initial Calculation Date is in advance of the Issue Date, the Initial Calculation Date shall mean the first Scheduled Fund Valuation Date on which the Market Disruption Event ceases immediately following the Initial Calculation Date originally expected. However, where a Market Disruption Event is continuing on all the Scheduled Fund Valuation Dates following the Initial Calculation Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled;
- (ii) if the Initial Calculation Date is following or on the Issue Date, the Initial Calculation Date shall mean the first Scheduled Fund Valuation Date on which the Market Disruption Event ceases immediately following the Initial Calculation Date originally expected.

If, on the Initial Calculation Date, the Market Disruption Event is also continuing, the Calculation Agent, acting in good faith, will determine the net asset value of the Index Reference Fund (x) on the basis of the Market Value of the Index Reference Fund affected by the Market Disruption determined using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of such Index Reference Fund, or (y) pursuant to the reasonable market practice.

**Market Disruption Events occurring on any Calculation Date following the Initial Calculation Date and prior to the Expected Final Calculation Date:**

If the Calculation Agent determines a Market Disruption Event has occurred on any Calculation Date following the Initial Calculation Date and prior to the Expected Final Calculation Date, in such case such Disrupted Day is no longer deemed to be a Calculation Date nor a Volatility Date.

\*\*\*\*

Investors will be notified of the occurrence of any Market Disruption Event, by way of a notice published on the Issuer's web site <https://www.bancaimi.prodottiequotazioni.com>.

**7(2) Market Disruption Event in relation to EONIA Rate**

Market Disruption Events means, on a Scheduled Fund Valuation Date, or on a Scheduled



**Redemption Valuation Date and occurring at any time on the relevant Scheduled Fund Valuation Date or Scheduled Redemption Valuation Date:**

- (i) the permanent discontinuance or the failure to publish, determine, substitute the EONIA Rate, provided that if such failure is an Adjustment Event pursuant to the following 8(2), such event will be considered an Adjustment Event and not a Market Disruption Event; and
- (ii) any other event similar to the events set out above which makes it impossible or impracticable for the Calculation Agent to perform its duties pursuant to the Securities.

If the Calculation Agent determines that a Market Disruption Event has occurred, then the Calculation Agent shall identify in good faith and according to the best market practices a substitutive suitable Interest Rate for the purposes of such determination, or, in the event that no substitutive suitable Interest Rate can be validly identified, then the Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

If, on the eight Exchange Business Day from the Exchange Business Day originally expected, the Market Disruption Event is continuing, then the Calculation Agent, acting in good faith and in a commercially reasonable manner, will determine the official value of the EONIA Rate, using the quoted prices from the period before the Disrupted Day and taking into consideration the impact of the Market Disruption Event on the value of the EONIA Rate.

**Market Disruption Events occurring on the Initial Calculation Date:**

If the Calculation Agent determines a Market Disruption Event has occurred on the Initial Calculation Date, in such case the Initial Calculation Date shall mean the first Exchange Business Day on which the Market Disruption Event ceases immediately following the Initial Calculation Date originally expected. However, where a Market Disruption Event is continuing on all the Exchange Business Days following the Initial Calculation Date originally expected until the Issue Date (excluded), the Issuer reserves the right for any reason to cancel the issuance of the Securities, and the offer pursuant to the relevant Final Terms shall be deemed cancelled.

**8. Adjustment Events**

If an Adjustment Event has occurred and its negative effects cannot be corrected, the Issuer may: (i) apply the provisions of Market Disruption Events, or, as alternative, (ii) redeem the Securities early by paying an amount calculated on the basis of the market value of the Securities, according to the evaluations of the Calculation Agent, acting in good faith and in a commercially reasonable manner. The payment will be made in accordance with the method of calculation notified to the investor on the Issuer's website.

**8(1) Adjustment Events in relation to the Index Reference Fund**

**Terms**

**"Insolvency"** means that, by reason of voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Index Reference Fund, (i) all of the shares of that Index Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares of that Index Reference Fund become legally prohibited from transferring them.

**"Nationalization"** means that the Index Reference Fund or all or substantially all the assets of an Index Reference Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Adjustment Event"** means, in relation to an Index Reference Fund, one or more of the following events:

- (a) Nationalization;
- (b) Insolvency;
- (c) the Index Reference Fund (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), or (ii) makes a general assignment or arrangement with or for the benefit of its creditors, or the Index Reference Fund institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking judgement of insolvency or bankruptcy or any other similar relief, or (iii) has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other similar relief, (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets, (v) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter, or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction has an analogous effect to any of the events specified in clauses from (i) to (v) above;
- (d) the net asset value of the Index Reference Fund has decreased by an amount considered reasonably significant by the Issuer in good faith, or the Index Reference Fund has violated any leverage restriction that is applicable to, or affecting, such Index Reference Fund or its assets by operation of any law, any order or judgement of any court or other agency of government applicable to it or any of its assets, the Index Reference Fund documents or any contractual restriction binding on or affecting the Index Reference Fund or any of its assets;
- (e) (i) the resignation, termination, or replacement of its Index Reference Fund adviser or (ii) the resignation, termination, death or replacement of any key person as specified;
- (f) any change or modification of the related documents that could reasonably be expected to affect the value of such Index Reference Fund;
- (g) means any breach or violation of any strategy or investment guidelines stated in the related Index Reference Fund documents that is reasonably likely to affect the value of such Index Reference Fund or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (h) (i) cancellation, suspension or revocation of the registration or approval of the Index Reference Fund by any governmental, legal or regulatory entity with authority over such Index Reference Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Index Reference Fund or its Index Reference Fund adviser that is reasonably likely to have an adverse impact on the value of such Index Reference Fund or on any investor therein, or (iii) the Index Reference Fund or any of its Fund Manager of Index Reference Fund adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Index Reference Fund, Fund Manager or Index Reference Fund adviser;

- (i) (i) occurrence of any event affecting such Index Reference Fund that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Index Reference Fund, and such event continues for at least the foreseeable future; (ii) any failure of the Index Reference Fund to deliver, or cause to be delivered, (A) information, if any that such Index Reference Fund has agreed to deliver, or (B) information that has been previously delivered, as applicable, in accordance with such Index Reference Fund, or its authorized representative's, to monitor such Index Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Index Reference Fund;
- (j) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal to hold, acquire or dispose of the interest issued or held in the Index Reference Fund, or (B) it will incur a materially increased cost in performing its obligations with respect to the interest issued or held in the Index Reference Fund (including, without limitation, due to any increase in tax liability, decrease in tax benefit of other adverse effect on its tax position);
- (k) means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any interest issued or held in the Index Reference Fund of entering into and performing its obligations with respect to the relevant Fund Security, or (ii) realize, recover or remit the proceeds of any such transaction (s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an increased cost of hedging pursuant to this clause k);
- (l) any day, a failure by the Index Reference Fund to pay the full amount (whether expressed as a percentage or otherwise) of the redemption proceeds calculated by the Calculation Agent that would be paid;
- (m) any other event affecting the economic value and, consequently, the market price of the Index Reference Fund.

Following the occurrence of an Adjustment Event pursuant to (a), (b), above in relation to an Index Reference Fund, the Issuer redeems the relevant Securities through a notice published on its website. In this case, the Issuer will pay to the Securityholders the market value of the Securities, according to the good faith determination of the Calculation Agent.

Adjustment Events pursuant to (c), (d), (e), (f), (g), (h), (i), (j), (k), (l) and (m) above shall be treated as Market Disruption Events and Condition 7(1) (*Market Disruption Events in relation to the Index Reference Fund*) shall apply.

**8(2) Adjustment Events in relation to the EONIA Rate:**

"**Adjustment Event**" means, in relation to the EONIA Rate, the occurrence of one or both of the following events:

- (i) the Interest Rate is no longer calculated by the relevant Entity in charge for the calculation, but by another entity which has replaced the Entity in charge of the calculation. In such case, the Settlement Amount will be determined according to the Reference Value of the Interest

Rate as determined and published by the new entity, and each reference to the Entity in charge for the calculation shall be deemed as a reference, where applicable, to the new entity; and

- (ii) the Interest Rate is cancelled or replaced, and, in the reasonable opinion of the Issuer, it is not possible to determine a new Interest Rate. In such case, the Issuer and an expert appointed by the Issuer will continue to calculate and publish the Interest Rate pursuant to the previous system and to the last level calculated.

## **9. Publication of information**

With regards to the Calculation Date  $t$ , the Proprietary Index Level will be published by the Issuer rounded off the third decimal, at the earliest, on the second Business Day succeeding  $t$ .

This delay depends on the fact that typically the Fund Manager publishes the Fund Interest unit value as of any Scheduled Fund Valuation Date on the afternoon of the Exchange Business Day immediately following such date; therefore, such information can be known and used by the Calculation Agent only on the morning of the second Business Day succeeding  $t$ .

The Issuer will publish the Proprietary Index Level on its website, [www.bancaimi.prodottiequotazioni.com](http://www.bancaimi.prodottiequotazioni.com), at page specified in the relevant Final Terms.

**Furthermore, other method of publication of the Proprietary Index Level may be specified from time to time in the applicable Final Terms.**

## **USE OF PROCEEDS**

The Issuer intends to use the net proceeds from each issue of Securities 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 Securities. If in respect of any particular issue of Securities, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF THE ISSUER

### History of the Issuer

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

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

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

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

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

### Legal and Commercial Name of the Issuer

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

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

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

### Date of Establishment and Duration of the Issuer

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

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

The Issuer is an Italian bank established as a company limited by shares (*società per azioni*). The Issuer is incorporated and carries out its business under Italian law. The Issuer operates under Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Consolidated Banking Act**") and the implementing regulations of the Bank of Italy, and under Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Consolidated Financial Act**") and the implementing regulations of CONSOB. The Courts of Milan have jurisdiction in respect of any disputes. The Issuer, both as a bank and as a member of the Intesa Sanpaolo banking group, is subject to the Bank of Italy's prudential supervision. The Issuer is a company belonging to the Intesa Sanpaolo Group, of which Intesa Sanpaolo S.p.A. is the parent company, and is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A.

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

At 31 December 2016, the Issuer's issued and paid-up share capital amounted to €962,464,000, divided into 962,464,000 ordinary shares. The shares are in registered form and each share entitles to one vote. Intesa Sanpaolo S.p.A. holds directly 100 per cent. of the fully subscribed and paid up share capital of the Issuer.

### **Independent Auditors**

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

The KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2015 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2015 were issued without qualification or reservation.

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

## **OVERVIEW OF ACTIVITIES**

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

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

The Issuer's business is divided into three business divisions: *Global Markets*, *Investment Banking* and *Structured Finance*.

The *Global Markets* division charged with all activities relating to the markets area, including risk management for institutional and corporate clients and the trading and distribution of financial instruments, both on own account and on account of third parties; the business unit remains responsible for capital markets operations of a more structural nature (treasury and funding, investment and management portfolio, and bond issues) and monitoring the Bank's overall risk profiles.

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

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

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

## ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### Board of Directors

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

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

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

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Gaetano Miccichè Chairman	Member of the Board of Directors of RCS S.p.A. Member of the Board of Directors of Alitalia Società Aerea Italiana S.p.A.
Giuliano Asperti Acting Deputy Chairman	Chairman of TEM S.p.A. Chairman of SIA S.p.A. Chairman of P4CARD S.r.l.
Fabio Alberto Roversi Monaco Deputy Chairman	Chairman of IMI Investimenti S.p.A.
Mauro Micillo Managing Director and General Manager	
Aureliano Benedetti Board Member	
Gerardo Pisanu Board Member	Member of the Board of Directors of Banca CR Firenze S.p.A.
Fabio Buttignon	Member of the Board of Directors of Valentino S.p.A.



NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Board Member	<p>Member of the Board of Directors of Benetton Group S.r.l.</p> <p>Member of the Board of Directors of Tecnica Group S.p.A.</p> <p>Member of the Board of Directors of Carraro S.p.A.</p> <p>Member of the Board of Directors of Stevanato Group S.p.A.</p> <p>Member of the Board of Directors of AFV Acciaierie Beltrame S.p.A.</p> <p>Member of the Board of Directors of Prime Holding S.p.A.</p> <p>Member of the Board of Directors of Edizione S.r.l.</p> <p>Professor at the University, Economics and Management Department “Marco Fanno”, Padova</p>
Vincenzo De Stasio Board Member	Professor at the University, Faculty of Law of Bergamo
Paolo Maria Vittorio Grandi Board Member	<p>Chairman of Banca Prossima S.p.A.</p> <p>Member of the Board of Directors of Cassa di Risparmio di Firenze S.p.A.</p> <p>Member of the Board of Directors of PFH Palladio Holding</p> <p>Member of the Board of Directors of SIA S.p.A.</p> <p>Chairman of Intesa Sanpaolo Holding International SA Luxembourg</p>
Massimo Mattera Board Member	
Giuseppe Attanà Board Member	<p>Chairman of MID SIM S.p.A.</p> <p>Member of the Management Board of Intesa Sanpaolo Vita S.p.A.</p>

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

All the members of the Board of Directors set out above fulfill the expertise and integrity requirements

established by current laws and regulations.

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

No Executive Committee has been appointed.

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

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

### **General Manager**

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

### **Board of Statutory Auditors**

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

The current Board of Statutory Auditors of Banca IMI S.p.A. was appointed by the shareholders' meeting held on 31 March 2016 and is composed of three standing statutory auditors and two alternate statutory auditors.

The current Board of Statutory Auditors will expire upon approval of the financial statements as at 31 December 2018.

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

NAME AND POSITION	MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Gianluca Ponzellini Chairman	Chairman of the Board of Statutory Auditors of Epsilon SGR S.p.A.  Chairman of the Board of Statutory Auditors of Luisa Spagnoli S.p.A.  Chairman of the Board of Statutory Auditors of Midco S.p.A.  Chairman of the Board of Statutory Auditors of SPAIM S.p.A.  Standing Auditor of ALITALIA Società Aerea Italiana S.p.A.  Standing Auditor of G.S. S.p.A.  Standing Auditor of Carrefour Italia S.p.A.  Standing Auditor of Telecom Italia S.p.A.

NAME AND POSITION	MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
	Standing Auditor of De' Longhi S.p.A.
Stefania Mancino Standing statutory auditor	Chairman of the Board of Statutory Auditors of Gruppo Editoriale l'Espresso S.p.A.  Standing Auditor of Italgas Reti S.p.A.  Standing Auditor of Acam Gas S.p.A.  Standing Auditor of Umbria Distribuzione Gas S.p.A.
Giulio Stefano Lubatti Standing statutory auditor	Chairman of the Board of Statutory Auditors of Fideruram S.p.A.
Carlo Maria Bertola Alternate statutory auditor	Chairman of the Board of Statutory Auditors of Gianmarco Moratti S.a.p.A.  Chairman of the Board of Statutory Auditors of Ital Press Holding S.p.A.  Chairman of the Board of Statutory Auditors of Massimo Moratti S.p.A.  Chairman of the Board of Statutory Auditors of Atam S.p.A.  Standing Auditor of Fideuram Vita S.p.A.  Standing Auditor of Intesa Sampaolo Reoco S.p.A.
Alessandro Cotto Alternate statutory auditor	Chairman of the Board of Statutory Auditors of NEVA FINVENTURES S.p.A.  Standing Auditor of Farmaceutici dott. Ciccarelli S.p.A.  Standing Auditor of Intesa Sanpaolo Assicura S.p.A.  Standing Auditor of Sanpaolo Invest S.p.A.

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

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

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

## LEGAL AND ARBITRATION PROCEEDINGS

The administrative, legal or arbitration proceedings that may have or that have recently had a material effect on the Issuer's financial condition or profitability are described below.

As of 31 December 2016 provisions for risks and charges are in the amount of approximately €15 million.

Administrative expenses include the ordinary contribution pursuant to Directive UE/2014/59 equal to €34 million and the extraordinary contribution equal to €79 million.

### *Tax Litigation*

Tax audits by Italian Inland Revenue refer to the fiscal years 2003 to 2006 for the former Banca d'Intermediazione Mobiliare IMI.

Tax audits were conducted by the Italian Tax Police (*Guardia di Finanza*) on the fiscal years 2011 and 2012. In general terms, the audits addressed matters taken up with many other Italian banks. Specifically, the matters concerned accusations of "abuse of process" over alleged links between futures and cash instruments tied to listed equities. For the years under examination up to the end of 2012, the audit investigated the application of substitute tax to a very small number of medium and long-term corporate loans.

In December a settlement was reached regarding the assessment referring to 2011, entailing payment of approximately 1.8 million euro compared to a tax demand of some 26 million euro (for taxes, withholdings and fines). Although fully convinced of the groundlessness of this and previous similar claims, the decision to settle the various disputes was taken with a view to avoiding long and costly litigation over specific matters plagued by marked uncertainty.

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

In February 2015 the Large Taxpayers Division of the Italian Tax Police (*Guardia di Finanza*) asked for data and information (through a questionnaire) with reference to certain decreases in tax declarations made for the years 2010-2013. In December 2016 the Italian Revenue Agency (*Agenzia delle Entrate*) asked for data and information (through a questionnaire) with reference to the Italian "Tobin Tax".

In May 2016 – subsequent to the settlements reached in 2014 through recourse to the so-called "alternative dispute resolution mechanisms" – there were residual tax assessments for the period 2003-2006 for a demand of approximately €39 million for taxes, penalties and interest. Litigation primarily concerns equities trading and other matters connected with typical capital market and investment banking transactions, and to a much lesser degree corporate governance.

The Bank has appealed against the tax assessments, challenging findings that are groundless or based on disputed interpretations of tax law, or which in some cases conflict with the letter of those laws.

In May 2016, no final ruling had been handed down on any of the fiscal years disputed.

In December 2015, as per years 2008 and 2009, a settlement agreement was reached with the Italian Tax Police (*Guardia di Finanza*) through alternative dispute resolution mechanisms for the fiscal year 2010, entailing a payment of approximately 2 million euro to settle claimed tax arrears of some €89 million (taxes, withholdings and fines).

Although fully convinced of the groundlessness of the claims, the decision to settle the various disputes was taken with a view to avoiding long and costly litigation over specific matters plagued by marked uncertainty.

As concerns the question of substitute tax, in relation to a claim for approximately €10 million. The Italian Revenue Agency (*Agenzia delle Entrate*), through the self-protection procedure, has voided the payment notice.

A total of approximately €12 million in provisional deposits was paid in relation to tax litigation pending at 31 December 2016; the entire amount was deducted from tax provisions allocated, with no credit entry charged. The provisional deposits were paid in compliance with specific legislative provisions governing tax litigation. The amounts will be deducted from the final claim awarded in the event of defeat, or refunded in the event of a ruling in favour of Banca IMI.

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

In July 2016, the ordinary tax assessment by Her Majesty's Revenues & Customs regarding direct taxation of the London branch for the year 2013 concluded without any significant impact in terms of higher tax imposed.

#### ***Kalivac Green Energy Sh.p.k. Litigation***

In the first half of 2014 Banca IMI was sued by the Albanian company Kalivac Green Energy Sh.p.k.. at the Court of Tirana in connection with an alleged pre-contractual liability with regard to the non-funding of a hydroelectric project in Albania. In February 2016, the Court of Tirana found that the writ of summons was inadmissible. Kalivac Green Energy Sh.p.k. has appealed against that decision and the relevant proceedings still pending.

#### ***Fondazione MPS Litigation***

In July 2014 Banca IMI was sued, along with former officers of the administrative deputation of the Fondazione MPS and other leading financial and banking intermediaries, in relation to an assumed non-contractual contribution to the mismanagement performed by the deputation in the application for and use of pooled funding, where Banca IMI operated as a bank agent, used by the Fondazione for the purposes of subscribing the pro-quota increase in capital of Banca MPS in 2011. Fondazione MPS, in support of its claim for damages jointly for all the defendants, alleged liability of a contractual nature against the previous directors and the advisor for having violated the limit regarding the debt-to-equity ratio established in the articles of association, and liability of a non-contractual nature against the lending banks for knowingly providing assistance in the alleged violation committed by the former. Banca IMI made its appearance in the proceedings with a request for total rejection of the opposing parties' claims. In particular, Banca IMI believes that the claim, as presented against the defendant banks, is groundless for a variety of reasons including: technically incorrect assessment of items in the financial statements from which the violation of such limit is alleged, non-existence of the causal link between the censured conduct and the harmful event; finally, incorrect quantification of the items of damages on which the civil claim rests.

#### ***Petrobras Litigation***

At the end of December 2014, Banca IMI was sued, together with Petroleo Brasileiro S.A. - Petrobras, Petrobras Global Finance B.V. and corporate officers of the same companies and other leading financial and banking intermediaries in a class action brought in the US district courts in New York in connection with the issuance and distribution - including on the US market - of financial instruments issued and/or guaranteed by Petroleo Brasileiro S.A.- Petrobras and/or Petrobras Global Finance B.V..

Actions have been brought against the issuer Petrobras Global Finance B.V., the guarantor Petroleo Brasileiro S.A. - Petrobras, their senior management, and also against the institutions participating in the placement and

guarantee syndicate related to the offer of the financial instruments on the US market (including Banca IMI S.p.A.) due to the alleged misrepresentation of certain data contained in the official financial statements of the companies and incorporated by reference in the offering documents as well as in view of the presumed joint liability of the institutions participating in the placement and guarantee syndicate along with the issuer and the guarantor toward the investors, pursuant to the applicable US rules concerning liability related to omission of information and misrepresentation in public offering documents. The proceedings at first instance are pending before the competent District Court in New York.

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

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

Banca IMI has held residual relationship with such banks in the context of the bank's activities of trading intermediation on financial instruments.

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

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

The legal actions initiated by the liquidators of Kaupthing hf and Landsbanki Islands hf. in connection with the clawback are currently pending before the courts of first instance.

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

The following table contains certain selected solvency figures relating to the Issuer on a non-consolidated basis as at 31 December 2016, compared to corresponding figures as at 31 December 2015.

	<b>31 December 2016</b>	<b>31 December 2015</b>
Common equity Tier 1 / Risk-weighted assets	9.59%	10.67%
Tier 1 / Risk-weighted assets	12.85%	10.67%
Total Capital Ratio	12.85%	10.67%
<b>Regulatory capital (in EUR millions)</b>		
Tier 1 capital	3,646.5	2,623.5
Tier 2 capital	-	-

**31 December 2016    31 December 2015**

Total capital 3,646.5                      2,623.5

The following table contains certain selected credit quality figures relating to the Issuer on a non-consolidated basis as at 31 December 2016, compared to corresponding figures as at 31 December 2015

	<b>31 December 2016</b>	<b>31 December 2015</b>
Gross doubtful exposures / gross exposures	0.39%	0.33%
Net doubtful exposures / net exposures	0.15%	0.15%
Gross non-performing exposures / gross exposures	4.11%	4.41%
Net non-performing exposures / net exposures	3.02%	3.32%
Non-performing exposures coverage ratio	27.73%	25.77%
Doubtful exposures coverage ratio	61.59%	54.29%
Net doubtful exposures / equity	0.91 %	1.40%

The following table contain certain selected income statement and balance sheet figures extracted from the Issuer's audited non-consolidated financial statements for the financial year ending 31 December 2016, compared with corresponding figures for the financial year ending 31 December 2015.

***Income Statement Figures***

	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>Percentage Variation</b>
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net interest income	536	578	-7.3
Total income	1,631.4	1,367.9	19.3
Operating expenses	(538.9)	(571.9)	-5.8
Net financial income	1,629.2	1,370.8	18.3
Pre-tax profit from continuing operations	1,109.2	799.0	38.8
Profit for the year	741.2	522.0	42.0

### Balance Sheet Figures

	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>Percentage variation</b>
	<i>(EUR million)</i>		<i>(per cent.)</i>
Net investments <sup>4</sup>	27,657.7	28,547.2	-3.1
Net liabilities <sup>5</sup>	37,766.5	37,066.5	1.9
Financial assets <sup>6</sup>	68,105.0	68,547.0	-0.6
Total assets	150,249.6	153,797.1	-2.3
Net equity <sup>7</sup>	4,618.0	3,160.6	46.1
Share Capital	962.5	962.5	0.0

The following table contains certain selected credit quality figures relating to the Issuer on a consolidated basis as at 31 December 2016, compared to corresponding figures as at 31 December 2015.

	<b>31 December 2016</b>	<b>31 December 2015</b>
Gross doubtful exposures / gross exposures	0.39%	0.33%
Net doubtful exposures / net exposures	0.15%	0.15%
Gross non-performing exposures / gross exposures	4.09%	4.39%
Net non-performing exposures / net exposures	3.01%	3.31%
Non-performing exposures coverage ratio	27.73%	25.77%
Doubtful exposures coverage ratio	61.59%	54.29%
Net doubtful exposures / equity	0.88%	1.34%

The following table contain certain selected income statement and balance sheet figures extracted from the Issuer's audited consolidated financial statements for the financial year ending 31 December 2016, compared with corresponding figures for the financial year ending 31 December 2015.

<sup>4</sup> The aggregate amount consists of loans to customer plus financial assets held for trading, net of financial liabilities held for trading.

<sup>5</sup> The aggregate amount consists of securities issued, due to banks, due to customers, liabilities at fair value net of due from banks.

<sup>6</sup> The aggregate amount consists of financial assets held for trading plus available for sale financial assets.

<sup>7</sup> The aggregate amount consists of reserves, share premium reserve, share capital, fair value reserves, equity instruments and interim dividends (if any) and the profit for the year.



## Income Statement Figures

	31 December 2016	31 December 2015	Percentage variation
	<i>(EUR million)</i>		<i>(per cent)</i>
Net interest income	536.1	578.4	-7.3
Total income	1,661.4	1,399.2	18.7
Operating expenses	(574.6)	(591.5)	-2.9
Net financial income	1,659.1	1,402.1	18.3
Pre-tax profit from continuing operations	1,115	817.5	36.4
Profit for the year	741.7	533.7	39.0

## Balance Sheet Figures

	31 December 2016	31 December 2015	Percentage variation
	<i>(EUR million)</i>		<i>(per cent)</i>
Net investments <sup>8</sup>	27,724.3	28,654.9	-3.2
Net liabilities <sup>9</sup>	37,683.7	37,043.8	1.7
Financial assets <sup>10</sup>	68,171.5	68,597.8	-0.6
Total assets	150,406.8	154,040.8	-2.4
Net equity	4,755.0	3,293.0	44.4
Share Capital	962.5	962.5	0.0

## OVERVIEW OF THE FINANCIAL INFORMATION

### Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31 December 2016 and 31 December 2015 has been derived from the audited consolidated annual financial statements of the Issuer as at and for the year

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<sup>8</sup> The aggregate amount consists of loans to customers plus financial assets held for trading net of financial liabilities held for trading.

<sup>9</sup> The aggregate amount consists of securities issued, due to banks, due to customers, liabilities at fair value net of due from banks.

<sup>10</sup> The aggregate amount consists of financial assets held for trading plus available for sale financial assets.

ended 31 December 2016 (the **2016 Annual Financial Statements**) that include comparative figures as at and for the year ended 31 December 2015. The 2016 Annual Financial Statements have been audited by KPMG S.p.A., auditors to Banca IMI S.p.A., who issued their audit report on 9 March 2017.

### **Incorporation by Reference**

The annual financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned annual financial statements, together with the accompanying notes and auditors' reports.

### **Accounting Principles**

The annual financial statements of the Issuer have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002.

### **CONSOLIDATED ANNUAL BALANCE SHEET**

The annual financial information below includes comparative figures as at and for the years ended 31 December 2016 and 31 December 2015.

<b>Assets</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<i>(EUR thousand)</i>	
Cash and cash equivalents	3	4
Financial assets held for trading	53,477,591	56,954,580
Available-for-sale financial assets	14,693,865	11,643,236
Due from banks	53,305,542	60,923,615
Loans to customers	27,798,310	23,353,892
Hedging derivatives	154,440	203,228
Equity investments	19,560	13,324
Property and equipment	848	878
Intangible assets	285	287
Tax assets	489,371	502,230
<i>a) current</i>	<i>251,068</i>	<i>292,543</i>
<i>b) deferred</i>	<i>238,303</i>	<i>209,687</i>
Other assets	467,011	445,523
<b>Total Assets</b>	<b>150,406,826</b>	<b>154,040,797</b>

## CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2016 and 31 December 2015.

<b>Liabilities and Equity</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<i>(EUR thousand)</i>	
Due to banks	60,716,591	68,073,695
Due to customers	18,989,914	16,026,878
Securities issued	11,282,639	13,866,789
Financial liabilities held for trading	53,551,620	51,653,544
Hedging derivatives	196,639	164,568
Tax liabilities	424,563	342,293
<i>a) current</i>	<i>410,436</i>	<i>325,988</i>
<i>b) deferred</i>	<i>14,127</i>	<i>16,305</i>
Other liabilities	450,312	587,215
Post-employment benefits	9,178	8,743
Provisions for risks and charges	30,387	24,074
<i>a) pensions and similar obligations</i>	<i>12</i>	<i>12</i>
<i>b) other provisions</i>	<i>30,375</i>	<i>24,062</i>
Fair value reserves	(131,153)	(50,076)
Equity Instruments	1,000,000	-
Reserves	1,600,694	1,573,629
Interim dividends	-	(307,988)
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	741,718	533,715
<b>Total Liabilities and Equity</b>	<b>150,406,826</b>	<b>154,040,797</b>

## CONSOLIDATED ANNUAL INCOME STATEMENT

The annual financial information below includes comparative figures as at and for the years ended 31 December 2016 and 31 December 2015.

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<i>(EUR thousand)</i>	
Interest and similar income	1,337,482	1,470,106
Interest and similar expense	(801,338)	(891,695)
<b>Net interest income</b>	<b>536,144</b>	<b>578,411</b>
Fee and commission income	599,097	488,754
Fee and commission expense	(217,026)	(230,529)
<b>Net fee and commission income</b>	<b>382,071</b>	<b>258,225</b>
Dividends and similar income	38,035	41,092
Profits (Losses) on trading	554,800	328,785
Profit (Losses) on hedging	(425)	7,797
Profits (Losses) on disposal or repurchase of:	150,754	184,890
<i>a) loans and receivables</i>	<i>1,481</i>	<i>(34,912)</i>
<i>b) available-for-sale financial assets</i>	<i>170,072</i>	<i>274,519</i>
<i>c) held-to-maturity investments</i>	-	-
<i>d) financial liabilities</i>	<i>(20,799)</i>	<i>(54,717)</i>
<b>Total income</b>	<b>1,661,379</b>	<b>1,399,200</b>
Impairment losses/reversal of impairment losses on:	(2,249)	2,942
<i>a) loans and receivables</i>	<i>(8,572)</i>	<i>(421)</i>
<i>b) available-for-sale financial assets</i>	<i>(1,618)</i>	<i>(5,850)</i>
<i>c) held-to-maturity investments</i>	-	-
<i>d) other financial assets</i>	<i>7,941</i>	<i>9,213</i>
<b>Net financial income</b>	<b>1,659,130</b>	<b>1,402,142</b>
<b>Net banking and insurance income</b>	<b>1,659,130</b>	<b>1,402,142</b>
Administrative expenses	(574,278)	(595,882)
<i>a) personnel expenses</i>	<i>(166,029)</i>	<i>(162,051)</i>
<i>b) other administrative expenses</i>	<i>(408,249)</i>	<i>(433,831)</i>
Net accruals to provision for risks and charges	(8,118)	1,700
Depreciation and net impairment losses on property and equipment	(346)	(475)
Amortisation and net impairment losses on intangible assets	(78)	(73)
Other operating income (expenses)	8,224	3,204
<b>Operating expenses</b>	<b>(574,596)</b>	<b>(591,526)</b>
Net gains on sales of equity investments	30,506	6,840

	<b>31 December 2016</b>	<b>31 December 2015</b>
	<i>(EUR thousand)</i>	
<b>Pre-tax profit from continuing operations</b>	<b>1,115,040</b>	<b>817,456</b>
Income tax expense	(373,322)	(283,741)
<b>Post-tax profit from continuing operations</b>	<b>741,718</b>	<b>533,715</b>
<b>Profit for the year</b>	<b>741,718</b>	<b>533,715</b>
Profit (loss) attributable to non-controlling interests		-
<b>Profit attributable to the owners of the parent</b>	<b>741,718</b>	<b>533,715</b>

## OFFERING AND SALE

The Securities may be offered to retail clients, professional clients and other eligible counterparties. No action has been or will be taken by the Issuer that would permit a public offering of any Securities or possession or distribution of any offering material in relation to any Securities in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

### 1. United States

No Securities of any series nor, in case of Physical Delivery Securities, the Entitlement to be delivered upon the exercise of such Securities, have been, nor will they be registered under the Securities Act or with any securities authority of any State or other jurisdiction of the U.S., and trading in the Securities has not been approved by the CFTC under the Commodity Exchange Act. The Securities and the Entitlements may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to a U.S. person unless such offer or sale has been registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act.

The Securities and the Entitlements are being offered and sold outside the U.S. to persons that are not U.S. persons (as defined in Regulation S) in reliance on Regulation S. No Securities of any series, or interests therein, or Entitlements may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in or into the United States (as defined in Regulation S) or to, or for the account or benefit of, any U.S. person and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

**The Securities and Entitlements may not be legally or beneficially owned by U.S. persons at any time. Each holder and each beneficial owner of a Security or an Entitlement hereby represents, as a condition to purchasing or owning the Security, the Entitlement or any beneficial interest therein, that neither it nor any person for whose account or benefit the Securities or Entitlements are being purchased is located in the United States, is a U.S. person or was solicited to purchase the Securities while present in the United States. Each holder and each beneficial owner of a Security or an Entitlement hereby agrees not to offer, sell or deliver any of the Securities or the Entitlements, at any time, directly or indirectly, in the U.S. or to any U.S. person. The term "U.S. person" has the meaning ascribed to it in Regulation S under the Securities Act.**

Each Manager of an issue of Securities will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Securities of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Manager of an issue of Securities will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Securities at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any "directed selling efforts" (as defined in Regulation S of the Securities Act) with respect to the Securities and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Any person purchasing Securities of any series or Entitlements must agree with the Manager or the seller of such Securities that (i) it is not a U.S. person and it is not located in the United States and was not solicited to purchase the Securities while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any, U.S. person, (iii) it is not purchasing any Securities of such series or any Entitlement for the account or benefit of any U.S. person and (iv) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities of such series (otherwise acquired) or Entitlements, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of Securities will also be required to agree, and any person purchasing Securities of any series must agree, to send each person who purchases any Securities of such series or Entitlements from it, at or prior to confirmation of sale of any Securities, a written confirmation (which shall include the definitions of "United States" and "U.S. persons" set forth herein) stating that the Securities and Entitlements have not been registered under the Securities Act or any state securities laws, and that trading in the Securities has not been approved by the Commodity Futures Trading Commission under the Commodity Exchange Act and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Securities or Entitlements, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Prior to the delivery of the Entitlement in respect of a Physical Delivery Security the holder thereof will be required to represent that, *inter alia*, he is not a U.S. person, the Security was not exercised on behalf of a U.S. person and in the case of Physical Delivery Securities, no securities or other property have been or will be delivered within the United States or to, or the account or benefit of, a U.S. person in connection with any exercise thereof. See Condition 19(A) in respect of Warrants and Condition 21(A) in respect of Certificates.

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

In July 2010 the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**") was enacted, which provides for substantial changes to the regulation of the futures and over-the-counter (OTC) derivative markets. Dodd-Frank requires regulators, including the CFTC, the Securities and Exchange Commission (the "**SEC**"), the Department of the Treasury, the Financial Stability Oversight Council (the FSOC), the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to adopt regulations to implement many of the requirements of the legislation.

Most of the regulations under Dodd-Frank have been adopted and these legislative and regulatory changes have increased the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivative markets. Without limitation, these changes will require many OTC derivative transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers are required to be registered, to comply with business conduct standards and to clear certain classes of interest rate and credit default swaps through registered derivatives clearing organizations (unless an exception to clearing applies). The various legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. These consequences could adversely affect the return on and value of the Securities.

## 2. US Tax Selling Restrictions

Securities that constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982, the Code, or US Treasury Regulations and are not considered to be in “registered form” for US federal income tax purposes (“**TEFRA Notes**”) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in compliance with (i) US Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the “**D Rules**”), or (ii) US Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the “**C Rules**”).

With respect to TEFRA Notes issued in compliance with the D Rules, the Issuer and each Manager has represented and agreed that:

- (i) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the required restricted period it will not offer or sell such TEFRA Notes to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Global Securities that are TEFRA Notes that will be sold during the restricted period;
- (ii) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such TEFRA Notes are aware that such TEFRA Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);
- (iii) if it is a United States person, it is acquiring such TEFRA Notes for purposes of resale in connection with their original issuance, and if it retains such TEFRA Notes for its own account, it will do so in accordance with the requirements of the D Rules; and

with respect to each affiliate or distributor that acquires such TEFRA Notes from the Issuer or the Manager for purpose of offering or selling such TEFRA Notes during the restricted period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in Paragraphs (i), (ii) and (iii) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Dealer the representations and agreements contained in such Paragraphs.

With respect to TEFRA Notes issued in compliance with the C Rules, the Issuer and each Manager has represented and agreed that:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such TEFRA Notes within the United States or its possessions in connection with their original issuance; and
- (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its US office, if any, in the offer or sale of such TEFRA Notes.

Terms used in this Section shall have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, (“Code”) and the US Treasury Regulations promulgated thereunder, including the C Rules and the D Rules.



The Hiring Incentives to Restore Employment Act of 2010 repealed the C Rules and D Rules for TEFRA Notes issued after 18 March 2012. However, in Notice 2012-20, the US Department of Treasury and the US Internal Revenue Service indicated that they intend to provide in regulations that rules identical to the C Rules and D Rules will apply to non-US issuers of TEFRA Notes for purposes of establishing an exemption from the excise tax imposed by Section 4701 of the Code. (The amount of the excise tax is one per cent. of the principal amount of the obligation, multiplied by the number of calendar years until the obligation reaches maturity). Consequently, TEFRA Notes issued in accordance with the C Rules or D Rules should continue to be treated as “foreign targeted obligations” that are exempt from the excise tax.

### 3. Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - ii. a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - iii. not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

### 4. Public Offer Selling Restriction under the Prospectus Directive

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Securities specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Manager has represented and agreed that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") the Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, such Securities may be offered to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to the prior consent of the relevant Manager(s) nominated by the Issuer for any such offer having been obtained; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the publication by the Issuer or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or the supplementing by the Issuer or any Manager of a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Securities to the public** in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

## 5. Republic of Italy

The offering of the Securities has not been registered and will not be registered with the Italian Financial Regulator (*Commissione Nazionale per le Società e la Borsa* or "**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Dealer will be required to represent and agree, that no Securities may be offered, sold, promoted, advertised or delivered, directly or indirectly, to the public in the Republic of Italy, nor may copies of this Base Prospectus, any Final Terms or any other document relating to the Securities be distributed, made available or advertised in the Republic of Italy, except:

- (1) if it is specified within the relevant Final Terms that a non-exempt offer may be made in the Republic of Italy, that each Dealer may offer, sell or deliver Securities or distribute copies of any prospectus relating to such Securities, provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB, and (ii) completed by final terms (if applicable) expressly contemplating such non-exempt offer, in an offer of financial products to the public in the period commencing on the date of approval of such prospectus, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the Italian Legislative Decree No. 58 of 24<sup>th</sup> February, 1998 as amended from time to time (the "**Italian Financial Services Act**") and CONSOB Regulation No. 11971 as amended from time to time ("**CONSOB Regulation No. 11971**"), until 12 months after the date of approval of such prospectus; or
- (2) to "**Qualified Investors**" (*Investitori Qualificati*) as defined pursuant to article 100, paragraph 1(a) of Italian Financial Services Act, and in article 34-ter, paragraph 1(b) of CONSOB Regulation No. 11971; or
- (3) in any other circumstances where an express applicable exemption from compliance with the restrictions on the offer of financial products to the public applies, as provided under the Italian Financial Services Act and/or CONSOB Regulation No. 11971 and any other applicable laws and regulations.

Any such offer, sale or delivery of the Securities or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Securities in the Republic of Italy under (1), (2) or (3) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, and CONSOB Regulation No. 16190 of 29<sup>th</sup> October, 2007 (each as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or any other Italian competent authority.

***Provisions relating to the secondary market in Republic of Italy***

Investors should also note that, in accordance with article 100-bis of the Italian Financial Services Act:

- (a) if any of the Securities have been initially placed pursuant to an exemption to publish a prospectus, the subsequent distribution of such Securities on the secondary market in Italy which is not carried out under an exemption pursuant to (2) or (3) must be made in compliance with the rules on offer of securities to the public provided under the Italian Financial Services Act and CONSOB Regulation No. 11971;
- (b) if any of the Securities which have been initially placed with Qualified Investors in Italy or abroad are then systematically resold to non-Qualified Investors at any time in the 12 months following such placing, such resale would qualify as an offer of securities to the public if no exemption under (3) above applies. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been published, purchasers of such Securities (who are acting outside of the course of their business or profession) may be entitled to obtain that the resale is declared null and void and the authorised entities ("*soggetti abilitati*" as defined in the Italian Financial Services Act) transferring the Securities may be held liable for any damages suffered by the purchasers; and
- (c) any intermediary subsequently reselling the Securities is entitled to rely upon the prospectus published by the issuer or the person responsible for drawing up a prospectus as long as this is valid, duly supplemented in accordance with the Italian Financial Services Act and CONSOB Regulation No. 11971 and provided that the issuer or the person responsible for drawing up a prospectus gives its written consent to its use.

**6. United Kingdom**

In relation to the Securities, each Manager has represented and agreed with the Issuer that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Securities or the sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

**7. The Grand Duchy of Luxembourg**

In addition to the cases described in the section entitled Public Offer Selling Restriction under the Prospectus Directive in which the Issuer can make an offer of the Securities to the public in an EEA Member State (including the Grand Duchy of Luxembourg ("**Luxembourg**")), the Managers can also make an offer of the Securities to the public in Luxembourg if:

- (a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* in accordance with the Law of July 10, 2005 on prospectuses for securities as amended from time to time (the “**Prospectus Law**”), implementing Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”); or
- (b) if Luxembourg is not the home Member State, the *Commission de Surveillance du Secteur Financier* has been notified by the competent authority in the home Member State that the prospectus has been duly approved in accordance with the Prospectus Directive and the 2010 PD Amending Directive; or
- (c) the offer is made to “qualified investors” as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or
- (d) the offer benefits from any other exemption to, or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus.

## 8. Portuguese Republic

Regarding any offer or sale of Securities in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, any Manager or any distributor of Securities will be required to agree that all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), Decree-Law 211-A/2008, any regulations issued by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) including its Regulation 2/2012 regarding information duties related with complex financial products and marketing of operations and insurances connected with investment funds (if applicable) and Commission Regulation (EC) No. 809/2004 as further amended implementing the Prospectus Directive will be complied with in respect of any placement or distribution of Securities, and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, prospected, invited to subscribe, gathered or solicited investment intentions, issued any promotional material, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, prospect, invite to subscribe, gather or solicit investment intentions, issue any promotional material, sell, re-sell, re-offer or deliver any Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or any other relevant laws and regulations, qualify as a private placement of Securities only (*oferta particular*), in particular, if the Securities are offered only to qualified investors, or are offered only to less than 150 (one hundred and fifty) non-qualified investors resident or established in Portugal; (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed, the Prospectus, or any other offering or promotional material relating to the Securities, to the public in Portugal. Furthermore, (a) if the Securities are subject to a private placement addressed exclusively to qualified investors as defined, from time to time, in the relevant provisions of the Portuguese Securities Code (*investidores qualificados*) and any applicable regulation, such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; and (b) private placements addressed by companies open to public investment (*sociedades abertas*) or by issuers of securities listed on a regulated market shall be notified to the CMVM for statistics purposes.

## 9. Germany

The Securities may only be offered in Germany in compliance with the German Securities Prospectus Act and any other applicable laws in Germany. Each Dealer has represented and agreed that it will not offer or sell the Securities in Germany otherwise than in accordance with the German Securities Prospectus Act and any other applicable laws in Germany.

## 10. France

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

(a) Offer to the public in France:

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

(b) Private placement in France:

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

## 11. The Netherlands

*Offer to the public*

No offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive may be made unless:

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- (a) the standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "FSA"); or
- (b) such offer is made in circumstances in which article 5:20(5) of the FSA is not applicable,

provided that no such offer of Securities shall require the Issuer (or any dealer) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expressions (i) an "offer of Securities to the public" in relation to any Securities in the Netherlands; and (ii) "Prospectus Directive", have the meaning given to them above in the paragraph headed with "Public Offer Selling Restriction Under the Prospectus Directive".

## 12. Belgium

No Securities may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Securities be distributed in Belgium, except under the conditions set out below.

### (i) Offer to the public in Belgium:

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

### (ii) Private placement in Belgium:

In case of a private placement of Securities in Belgium, the Issuer or Manager shall not take any action or permit an offer of Securities to the public in Belgium, and, in particular, they will not make this Prospectus or any other offering material relating to the Securities available to the public or cause it to be made available to the public. The Issuer or Manager will not use this Prospectus or any other offering material relating to the Securities or cause it to be used in connection with any public offering for subscription of the Securities in Belgium, and it will not publicly issue, offer or sell the Securities in Belgium.

In accordance with Article 3, §2 of the Prospectus Law, certain types of offers are not considered as offers to the public. This includes offers (i) to less than 150 natural or legal persons other than certain qualified investors (per Relevant Member State), (ii) to certain qualified investors only, (iii) to investors that are required to acquire Securities for a total consideration of EUR 100,000 or more (or its equivalent in foreign currencies) per investor and per separate offer, or (iv) of Securities with a nominal value of at least EUR 100,000 per Security. In case of a private placement, prospective acquirers shall only acquire Securities for their own account.

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

In addition to the above, the Securities shall not be offered or sold to any person qualifying as (i) a consumer within the meaning of Book I (*Definitions*) and Book VI (*Market practices and consumer protection*) of the Belgian Economic Code, unless such offer or sale is made in compliance with the Belgian Economic Code and its implementing regulations, or (ii) a non-professional client within the meaning of Article 2, 29° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services, unless such offer or sale is made in compliance with the Belgian Royal Decree of 25 April 2014 on certain information obligations regarding the commercialisation of financial products to non-professional clients.

## 13. Ireland

Any offer, sale, placement or underwriting of, or any other action in connection with, any Securities in or involving Ireland must be in conformity with the following:

- (a) the provisions of (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 and the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012 of Ireland, (ii) the Companies Act 2014 of Ireland (as amended), including any rules issued under Section 1363 of the Companies Act 2014 of Ireland by the Central Bank of Ireland, (iii) the Central Bank Acts 1942 to 2015 of Ireland and any codes of conduct

made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended) and (iv) every other enactment that is to be read together with any of the foregoing Acts;

- (b) all applicable provisions of Directive 2004/39/EC (as amended) and the relevant implementing measures;
- (c) the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and the European Union (Market Abuse) Regulations 2016 of Ireland, any rules made by the Central Bank of Ireland in connection therewith and any rules issued under Section 1370 of the Companies Act 2014 of Ireland (as amended) by the Central Bank of Ireland; and
- (d) the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended).

#### 14. Spain

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

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

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

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

#### 15. Czech Republic

In relation to the Czech Republic, with effect from implementation of the Prospectus Directive in the Czech Republic (the "**Relevant Implementation Date**"), the Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto may not be offered to the public in the Czech Republic, except that it may be offered to the public in the Czech Republic:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Section 34(4)(g) and Section 35(2) of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (the "**Czech Capital Market Act**") in the Czech Republic (a "**Non-exempt Offer**"), upon the satisfaction of the following conditions:
  - (i) the publication in the Czech Republic of a prospectus in relation to such Securities, which

prospectus has been approved by the Czech National Bank (the "CNB"), and additionally, where applicable, the publication in the Czech Republic of a supplemental prospectus approved by the CNB and/or in case that such approved prospectus is a base prospectus, the publication in the Czech Republic of the final terms completing such base prospectus, as well as the notification of such final terms to the CNB; or

- (ii) the publication in the Czech Republic of a prospectus and, where applicable, supplement prospectus in relation to such Securities, which prospectus and/or supplement prospectus have been approved by the Issuer's home or other competent EU Member State supervising authority, and in relation to which such supervising authority has provided the CNB with a certificate of approval, as well as with other documents pursuant to Section 36f of the Czech Capital Market Act, and, in addition, in case that such approved prospectus is a base prospectus, the publication in the Czech Republic and, if applicable, in the Issuer's home or other EU Member State of the final terms completing such base prospectus, as well as the notification of such final terms to the CNB and, if applicable, the Issuer's home or other competent EU Member State supervising authority,

however only in the period beginning and ending on the dates specified in such prospectus, supplement prospectus or final terms, as applicable, provided that such period cannot terminate later than as at the termination of such prospectus' validity and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) if such offer is made exclusively to qualified investors as defined in Section 34(3) of the Czech Capital Market Act;
- (c) if such offer is made to fewer than 150 persons (other than qualified investors as defined in Section 34(3) of the Czech Capital Market Act) in Czech Republic, subject to the prior consent of the relevant Manager(s) nominated by the Issuer for any such offer been obtained;
- (d) if it is an offer of securities with lowest possible investment per investor equal to or greater than an amount corresponding to a limit in EUR determined by Government Decree No. 190/2011 Coll., on determination of limits of respective amounts in EUR with respect to regulation of public offer of investment securities, securities prospectus and information duty of an issuer of respective investment securities and other persons, as amended (the "**Decree**");
- (e) if it is an offer of securities with a nominal value or price per unit amounting to at least an amount corresponding to a limit in EUR determined by the Decree; or
- (f) if it is an offer of securities with a total consideration lower than EUR 1,000,000; such consideration shall be calculated for securities offered during a period of 12 months in all EU Member States;

however only provided that: in relation to any offer of Securities referred to in (b) to (f) above, neither the Issuer nor any Manager will be obliged to proceed with any of the following actions: obtain the CNB's approval of a prospectus and/or a supplement prospectus; passport a prospectus and/or a supplement prospectus, already approved by the Issuer's home or other competent EU Member State supervising authority, into the Czech Republic; notify final terms to the CNB and, if applicable, to the Issuer's home or other competent EU Member State supervising authority or publish a prospectus (and, where applicable, the final terms) and/or a supplemental prospectus in the Czech Republic and, if applicable, in the Issuer's home or other EU Member State.

Each Manager has represented, warranted and undertaken, and each further Manager appointed under this Programme will be required to represent, warrant and undertake, that it has not taken and will not take any action: (i) for the due and lawful exercise of which the approval of, permit by or consent of, and/or an application to, registration with or notification to, the CNB or any other Czech or EU Member State authority in



respect of the Securities would be required pursuant to applicable Czech laws, or which would lead to requirement of approval of, permit by, consent of, application to, registration with and/or notification to the CNB or any other Czech or EU Member State authority in respect of the Securities pursuant to applicable Czech laws; except for action(s) consisting in the offer of the Securities in the Czech Republic under the conditions listed in paragraphs (a), (b), (c), (d), (e) or (f) above and in the immediately preceding paragraph, or except for action explicitly requested or in advance approved by the Issuer, (ii) which would lead to the issue of the Securities by the Issuer being qualified as "receiving deposits from the public" under Act No. 21/1992 Coll., on Banks, as amended (the "**Czech Bank Act**"), (iii) the Securities being deemed to have been issued under Czech law within the meaning of the Act of the Czech Republic No. 190/2004 Coll., on Bonds, as amended (the "**Czech Bonds Act**"), and/or (iv) which would or could lead to the Issuer being considered to be supporting, publicising or making otherwise available activities prohibited by Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended (the "**MCIFA**").

Each Manager has further represented, warranted and undertaken, and each further Manager appointed under the Programme will be required further to represent, warrant and undertake, that in relation to the Securities it has complied with and will comply with any and all applicable Czech laws, and, in particular, with the Czech Capital Market Act (including, among others, the regulation applicable to the provision of investment services in the Czech Republic), the MCIFA, the Czech Bank Act, the Czech Bonds Act and the practice of the CNB or any other competent authority.

Any other person (i.e. other than the Issuer and Manager) that offers or intends to offer the Securities in the Czech Republic may only do so provided that (i) no obligation will arise for the Issuer and/or any Manager to prepare and/or publish any prospectus (and, if applicable, final terms) and/or a supplement prospectus, to obtain any approval of, permit by or consent of, and/or to proceed with an application to, registration with or notification to, the CNB or any other Czech or EU Member State authority in respect of the Securities pursuant to applicable Czech laws; (ii) such activity would not lead to the issue of the Securities by the Issuer being considered as "receiving deposits from the public" under Czech Bank Act; (iii) such activity would not lead to the Securities being deemed to have been issued under Czech law within the meaning of the Czech Bonds Act, (iv) such activity would not lead to the Issuer being considered to be supporting, publicising or making otherwise available activities prohibited by MCIFA; and (v) any such person has complied with and will comply with any and all applicable Czech laws, and, in particular, with the Czech Capital Market Act (including, among others, regulations applicable to the provision of investment services in the Czech Republic), MCIFA, the Czech Bank Act, the Czech Bonds Act and the practice of the CNB or any other competent authority. In case of an offer for which a publication of a prospectus (and, if applicable, final terms) and/or a supplement prospectus is needed, such other person would need to prepare its own prospectus and/or supplement prospectus.

For the purposes of these provisions on Czech selling restrictions, the expression an **offer of Securities to the public** in relation to any Securities in the Czech Republic means any communication to a wider group of persons containing information about offered Securities and conditions for their acquisition, which information is sufficient so as to enable an investor to make a decision to purchase or subscribe for these Securities, and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Czech Republic), and includes any relevant implementing measure in the Czech Republic and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

## 16. Poland

Poland is a Relevant Member State and pursuant to Article 7 of the Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, as amended (consolidated text, Journal of Laws 2016, item 1639, as amended) (the Act on Public Offerings), a public offering of securities in Poland or admission of securities to trading on a regulated market in Poland requires an issue prospectus to be made available to the public. Pursuant to the Prospectus Directive and Article 37 of the Act of Public Offerings, securities of an issuer with its registered office in a Member State for which Poland is a host state may be offered in Poland in a public offering or admitted to trading on a regulated

market in Poland on completing the passporting procedure described in that act (which in particular would require a prior notification to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and a subsequent publication of an issue prospectus in accordance with the Act on Public Offerings).

Pursuant to Article 3 of the Act of Public Offerings, a "Public Offering" consists of making information available to at least 150 persons within the territory of one member state or to an unspecified addressee, in any form and manner, about securities and the conditions for the acquisition of them, provided that this information constitutes satisfactory grounds for making a decision on whether to acquire the securities.

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

- (a) to fewer than 150 persons; or
- (b) solely to professional clients within the meaning of the Act dated 29 July 2005 on trading in financial instruments (consolidated text Journal of Laws of 2016, item 1636, as amended); or
- (c) solely to investors, each of which individually acquires Securities with the value of at least 100,000 euro, calculated upon their issue or purchase price; or
- (d) under other exception provided in the Act on Public Offerings.

## 17. Hungary

Should the Securities be offered in a public offer as defined in Act CXX of 2001 on the Capital Markets (the **Capital Markets Act**), or listed on a regulated market in Hungary, the applicable legal requirements provided by the Capital Markets Act and other relevant legal provisions effective in Hungary shall be complied with. The Base Prospectus has not been and will not be submitted for approval to the National Bank of Hungary and the Securities will not be offered in Hungary in a public offer as defined in the Capital Markets Act, nor have the Securities been nor will be listed on a regulated market in Hungary. However, in the case where the Securities are intended to be offered in a public offer or listed on a regulated market in Hungary, the competent regulator of the Relevant Member State approving the Base Prospectus shall certify to the National Bank of Hungary that it has been prepared according to the Prospectus Directive and other applicable laws of the European Union. Each Manager has confirmed its awareness of the above and represented and agreed that it has not offered or sold or made any other arrangement, and will not offer or sell or make any other arrangement, in respect of the Securities for their trading in Hungary, in a manner that would require the approval of a prospectus by the National Bank of Hungary and will not offer the Securities for sale to investors in Hungary other than in accordance with all applicable provisions of the Capital Markets Act. Should the Securities be offered in a public offer in a manner other than by way of the Issuer's Hungarian branch, the public offering of the Securities takes place through a Manager being an investment firm or credit institution authorized to engage in providing the service of (i) placement of financial instruments, including a commitment for the purchase of assets (securities or other financial instruments) (underwriting guarantee), or (ii) placement of financial instruments without any commitment for the purchase of assets (financial instruments).

If the Securities are offered in a private placement in Hungary, the Issuer must report such private placement to the National Bank of Hungary within 15 days from the closing date of the private placement. Should the Securities be offered in a private placement in a manner other than by way of the Issuer's Hungarian branch, the private placement of the Securities takes place through a Manager being an investment firm or credit institution authorized to engage in providing the service of (i) placement of financial instruments, including a commitment for the purchase of assets (securities or other financial instruments) (underwriting guarantee), or (ii) placement of financial instruments without any commitment for the purchase of assets (financial instruments).

Each Manager has represented and agreed that if the Securities are offered in a private placement in Hungary, (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement; (ii) it will ensure that all investors receive the same information which is material or necessary to a well-based evaluation of the Issuer's current market, economic, financial or legal situation and its expected development as well as the rights attached to the Securities, including that which was discussed in any personal consultation with an investor; and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF THE DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

## 18. Slovak Republic

The public offering of securities in the Slovak Republic is governed by the Act No. 566/2001 Coll. on Securities and Investment Services, as amended (hereinafter referred to as "**Act on Securities**") and other applicable laws and regulations valid in the Slovak Republic, including the regulations imposed by the National Bank of Slovakia (*Národná banka Slovenska*) as the competent supervising authority. The Act on Securities fully complies with the Prospectus Directive, as amended by the 2010 PD Amending Directive.

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

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

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

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

The obligation to publish an approved prospectus shall not apply to (i) securities offered in connection with a takeover in exchange for other securities or securities offered, allotted or to be allotted in the case of merger, amalgamation or division, provided that a document is available, which contains information, that are regarded

by the National Bank of Slovakia as equivalent to the information included in the prospectus, (ii) securities offered, allotted or to be allotted to existing or former members of statutory bodies, supervisory or management bodies or employees by their employer, or an affiliated undertaking, if their registered seat or head office is in the European Union and provided that a document is available, which contains information on the number and class of the securities and the reasons for and details of the offer of these securities, (iii) shares issued in substitution for shares of the same class already issued, if the issuing of such new shares does not involve any increase of the registered capital of the issuer, and (iv) shares offered as a form of paying out the dividends, if such shares are of the same class as the shares in respect of which such dividends are paid, provided that a document is available, which contains information on the number and class of shares and reasons for and details of the offer of these securities.

The exemption in relation to securities mentioned under (ii) in the previous paragraph shall also apply to companies incorporated outside the territory of Member States whose securities are admitted to trading on a regulated market or a market in a non-Member State. If securities mentioned in the first sentence are admitted to trading on a market in a non-Member State, provision mentioned under (ii) in the previous paragraph shall be applicable, if adequate information including document mentioned under (ii) in the previous paragraph is available at least in a language customary in the sphere of international finance and provided that Commission has adopted an equivalence decision regarding the market of a non-Member State on the basis of a request by the National Bank of Slovakia or the competent authority of another Member State.

## 19. The Republic of Slovenia

The Securities may only be offered publicly in Slovenia if:

- (a) a prospectus in relation to the Securities has been published in Slovenia during the period of the last 12 months which has been previously approved either (i) by the Slovenian Securities Market Agency (*Agencija za trg vrednostnih papirjev*) (the "**ATVP**") or (ii) by the competent authority of another member state of the European Union (each a "**Member State**") and notified to the ATVP in accordance with Directive 2003/71/EC, as amended (the "**Prospectus Directive**"); or
- (b) an exemption from the obligation to publish a prospectus, as provided in the Slovenian Market in Financial Instruments Act (*Zakon o trgu finančnih instrumentov*) (**ZTFI**), under certain conditions applies to the following types of offers of securities:
  - (i) if the offer is addressed solely to qualified investors (*dobro poučeni vlagatelji*), as defined in the ZTFI; or
  - (ii) if the offer is addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors, or
  - (iii) if the offer is addressed to investors who have obtained the securities for the purchase price equaling at least €100,000 on the basis of accepting individual offers, or
  - (iv) for the offer the subject of which are securities denominated to at least €100,000 each, or
  - (v) securities included in an offer where the total selling price of the offer in the EU is less than €100,000, which limit shall be calculated over a period of 12 months.

For the purposes of the ZTFI, the term "**public offering**" means any communication to the persons given in any form and given by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities. This definition is also applicable to the sale (placement) of securities through financial intermediaries.

According to the ZTFI, the term "**qualified investor**" (*dobro poučeni vlagatelj*) includes, among others:

- (i) persons that must obtain appropriate authorisation from the competent supervisory authority of a Member State or a third country or in any other way obtain the right to operate on financial markets, namely credit institutions (*kreditne institucije*), investment companies (*investicijska podjetja*), other supervised financial companies (*druge nadzorovane finančne družbe*), insurance companies (*zavarovalnice*), reinsurance companies (*pozavarovalnice*), pension companies (*pokojninske družbe*), collective investment undertakings (*kolektivni naložbeni podjetji*), and the managers thereof, pension funds (*pokojninski skladi*) and the managers thereof, entities trading with commodities and derivative instruments on commodities (*osebe, ki trgujejo z blagom in izvedenimi instrumenti na blago*), local companies as defined in the point 4 of first paragraph of Article 4 of Regulation 575/2013/EUR, other institutional investors;
- (ii) large companies fulfilling at least two of the following conditions: (1) a total balance sheet reaching €20 million; (2) net annual total revenues from sales reaching €40 million; and (3) value of equity capital reaching €2 million;
- (iii) the Republic of Slovenia, and other countries or national and regional authorities, public law entities exercising public debt, the Bank of Slovenia and other central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations and
- (iv) other institutional investors whose regular business operation is investing in financial instruments, including entities dealing with securitisation of assets or other financing transactions.

## 20. Croatia

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

- (a) a valid prospectus must be published.
- (b) the publication of a prospectus is subject to approval by the Croatian Financial Services Supervisory Agency("Agency") in accordance with the Capital Market Act or to approval by the competent authority of a home Member State in accordance with Directive 2003/71/EC, as amended, and in accordance with Article 380 of the Croatian Capital Market Act, which defines that the prospectus and any supplements thereto approved by the competent authority of the home Member State other than Croatia have the same effect as a prospectus and any supplements thereto approved by the Agency in accordance with the provisions of the Croatian Capital Market Act provided that the Agency as a competent authority of the host Member State and ESMA are notified about such approval and provided with (1) a certificate of approval of the prospectus containing confirmation that the prospectus has been prepared in accordance with the provisions of Directive 2003/71/EC, (2) a copy of the approved prospectus and (3) translation of prospectus summary.
- (c) a prospectus is valid twelve months from its approval for the purpose of offer of securities to the public or their admission to trading on a regulated market provided that the information in the prospectus is, if necessary, amended by a supplement to the prospectus, with the information about the issuer and securities to be offered to the public or listed on the regulated market. For the offering programme, the base prospectus, previously filed, shall be valid for a period of up to 12 months from its approval. In the case of non-equity securities issued in a continuous or repeated manner by credit institutions under conditions as provided for in Article 358, Paragraph 1, Point 2 of the Croatian Capital Market Act, the prospectus shall be valid until no more of the securities concerned are issued in a continuous or repeated manner.

- (d) exceptionally, a public offer of securities without prior publication of a prospectus is permitted in the following cases:
- (i) offer of securities exclusively to qualified investors;
  - (ii) offer of securities is addressed to less than one hundred and fifty natural persons or legal entities per Member State that are not qualified investors;
  - (iii) offer of securities addressed to investors that will pay for subscribed securities a minimum amount of €100,000 in HRK equivalent per investor and for each particular offer;
  - (iv) offer of securities with a nominal value per unit of at least €100,000 or a HRK equivalent of that amount;
  - (v) offer of securities for a total consideration in the European Union for securities which is less than €100,000 as HRK equivalent, to be calculated over a period of twelve months;
  - (vi) offer of shares issued in substitution for shares of the same class already issued, if the issuing of such shares does not involve any increase of the share capital of the company;
  - (vii) securities offered in connection with a takeover by means of an exchange offer provided that for such securities a document is available containing the information comparable to that included in the prospectus;
  - (viii) offer of securities allotted or to be allotted in a merger or a division provided that for such securities a document is available containing information equivalent to the information included in the prospectus taking into account the requirements of the European Union legislation;
  - (ix) offer of shares:
    - issued to the existing shareholders on the basis of an increase of share capital from the company's funds; or
    - otherwise offered or allotted to the existing shareholders free of charge or paid out as dividends to the existing shareholders if such shares are of the same class as shares in respect of which such dividends are paid, provided that a document is made available containing the information about the number and nature of such shares and reasons for and details of such an offer;
  - (x) securities offered, allotted or to be allotted to former or existing management board members or employees by their employer or an affiliated undertaking if their seat or registered office is in the European Union and provided that a document is available containing information about the number and the nature of such securities and the reasons for and details of the offer;
- (e) sub-clause (x) mentioned above also applies to companies domiciled in a non-Member State whose securities are admitted to trading on a regulated market or an equivalent market in a non-Member State provided that a document referred to in sub-clause (x) is available at least in a language customary in international financial circles and provided that the European Commission, at the request of the Agency or a competent authority of another Member State, has adopted an equivalence decision regarding the market of a non-Member State.
- (f) any further offer of securities stated as exemption from the obligation to publish a prospectus in sub-clauses (i) - (v) above shall be deemed a separate offer and in respect of which the offeror is obliged to publish a prospectus pursuant to the Croatian Capital Market Act.

- (g) in the case of public offers of securities through financial intermediaries, there is no obligation to publish a prospectus if the final offer fulfils the conditions of any of sub-clauses (i) through (v) above.
- (h) in the case of obligation to publish a prospectus referred to in clauses (f) and (g) above it is not necessary to publish a new prospectus as long as a valid prospectus for securities is available pursuant to clause (c) above and the issuer or a person responsible for the preparation of such a prospectus consents in writing to its use for that purpose.
- (i) in the case of a public offer of securities exempted from the obligation to publish a prospectus in accordance with the above sub-clauses, the investment companies and credit institutions must inform the issuer on request about the conducted categorisation of the investor with due regard to the regulations concerning personal data protection.
- (j) The issuer, the offeror or the person applying for the admission to trading of securities on the regulated market in the Republic of Croatia must notify the Agency on the exercise of exemption to publish the prospectus at least three working days before the commencement of the public offer that will be performed in the Republic of Croatia or the application for the admission to trading of securities on the regulated market.
- (k) exceptionally, admission to trading on the regulated market of securities without prior publication of a prospectus is permitted in the following cases:
  - (i) securities offered in connection with a takeover by means of an exchange offer provided that for such securities a document is available containing the information comparable to that included in the prospectus taking into account the requirements of the European Union legislation;
  - (ii) offer of securities allotted or to be allotted in a merger or a division provided that for such securities a document is available containing information equivalent to the information included in the prospectus taking into account the requirements of the European Union legislation
  - (iii) securities offered or to be allotted to former or existing management board members or employees by the issuer or its affiliated undertaking provided that a document is available containing information about the number and the nature of such securities and the reasons for and details of the offer and that the securities of same class are already admitted to the same regulated market.

Accordingly,

- (a) **securities offer to the public or public offer** means any communication in any form, by use of any means, containing information about conditions of the offer and the securities offered, which information is sufficient so as to enable an investor to make a decision to purchase or subscribe these securities. This definition includes the placement of securities through financial intermediaries.
- (b) **qualified investor** means:
  - (i) a client who has sufficient experience, knowledge and is qualified to make an independent decision about an investment and to estimate the risks connected therewith, in particular :
    - a. persons that in order to operate on the financial market require a licence and/or are subject to the supervision of a regulatory body:
      - a.1. investment companies,
      - a.2. credit institutions,

- a.3. other financial institutions licenced for operations by the competent authority in accordance with the legal regulations governing their operations,
  - a.4. insurance companies,
  - a.5. subjects for joint ventures and their management companies,
  - a.6. companies for management of pension funds and pension funds,
  - a.7. pension insurance companies,
  - a.8. entities trading with commodities and derivative instruments on commodities,
  - a.9. local companies,
  - a.10. other institutional investors whose principal business activities are not listed under alinea a.1. through a.8. of this paragraph and are subject to approval or supervision of the operations on the financial market;
- b. legal entities that, in relation to the preceding accounting period, meet at least 2 of the following requirements:
    - b.1. total assets amount to not less than HRK 150,000,000,
    - b.2. net income in the minimum amount of HRK 300,000,000,
    - b.3. capital in the amount of not less than HRK 15,000,000;
  - c. national and regional governments, public bodies for management of public debt, central banks, international and supranational institutions, such as World Bank, International Monetary Fund, European Central Bank, European Investment Bank and similar international organisations;
  - d. other institutional investors whose principal business activities are investment in financial instruments, which are not subject to authorisation or supervision of operations on the financial market by the competent authorities, including entities formed for the purpose of securitisation of assets.
- (ii) a client demanding to be treated as a professional investor and a client for whom an investment company estimates that he has sufficient knowledge, experience and qualifications to make independent decisions about investments and to understand the risk included, provided that the estimate should fulfil at least two of the following criteria:
- a. the client performed on average on the capital market relevant for him (a market on which are traded financial instruments for which that client wishes to gain a status of a professional investor) 10 transactions of a substantial value, within each quarter of the preceding year;
  - b. the size of client's portfolio of financial instruments (including cash and financial instruments) exceeds HRK 4,000,000;
  - c. the client operates or has operated in a financial sector for at least one year in operations requiring knowledge about planned transactions or services.
- (iii) a qualified client, in particular:
- a. investment companies,
  - b. credit institutions,
  - c. insurance companies,
  - d. management companies of open investment funds with public offer and open investment funds with public offer,



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

## **21. Sweden**

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

## 22. Denmark

No Securities may be offered or sold to the public in Denmark nor admitted to trading on a regulated market in Denmark unless and until (A) a prospectus in relation to those Securities has been approved by the competent authority in Denmark (the Danish Financial Supervisory Authority) and published or, where appropriate, approved and published in another Relevant Member State in accordance with the local laws on prospectus requirements and public offering of securities of that Member State and such competent authority has notified the Danish Financial Supervisory Authority, all in accordance with the Prospectus Directive and the Danish Securities Trading Act (the Consolidated Act no. 1530 of 12 February 2015 on Securities Trading); or (B) an exemption from the requirement to prepare and publish a prospectus is available under the Danish Securities Trading Act.

## 23. Austria

No Securities may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Securities be distributed in the Republic of Austria, unless

- (i) an offer of the Securities to the public in Austria is made on the basis of a prospectus in relation to those Securities which has been approved by the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) (“FMA”), published and filed with Oesterreichische Kontrollbank Aktiengesellschaft or, where appropriate, approved by the competent authority in another Relevant Member State and notified to the FMA, all in accordance with the Austrian Capital Markets Act (*Kapitalmarktgesetz*); or
- (ii) an offer of the Securities is otherwise made in Austria in compliance with the Austrian Capital Markets Act (*Kapitalmarktgesetz*) and any other applicable Austrian laws.

## 24. Malta

In terms of the Maltese Companies Act (Cap. 386 of the Laws of Malta), it shall not be lawful for a public company to issue any form of application for its shares or debentures unless the company is registered and the form is issued with a prospectus which complies with the requirements of the law. A prospectus has to be issued in accordance with the provisions of the Companies Act and shall be dated. A prospectus shall also be signed by every person named therein as director or his agent.

The obligation to draw up a prospectus shall not apply to a form of application issued:

- (a) in connection with a bona invitation to a person to enter into an underwriting agreement with respect to debentures; or
- (b) in relation to securities which do not constitute an offer of securities to the public; For the purposes of the Companies Act “offer of securities to the public” means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities. This definition shall also be applicable to the placing of securities through financial intermediaries. The following types of securities may be offered but will not constitute an offer of securities to the public (instead falling within the rules on private placement and/or professional investors) and do not therefore require that a prospectus be published:
  - (i) an offer of securities made only to qualified investors; or
  - (ii) an offer made to less than one hundred and fifty persons per Member State or EEA State, not including qualified investors; or

- (iii) an offer where the minimum consideration which may be paid by any person for securities acquired pursuant to the offer is at least one hundred thousand euro (100,000.00), for each separate offer; or
- (iv) an offer of securities where the nominal value of each security amounts to at least one hundred thousand euro (100,000.00), or the total consideration of the offer in the European Union and the EEA shall not exceed one hundred thousand euro (100,000.00), which limit shall be calculated over a period of twelve months; or
- (v) an offer where the total consideration of the securities for the offer in the European Union and the EEA does not exceed five million (5,000,000) euro, which limit shall be calculated over a period of twelve months; or
- (vi) an offer in respect of non-equity securities issued in a continuous or repeated manner by credit institutions where the total consideration of the offer in the European Union and the EEA, over a period of twelve months is less than seventy five million euro (75,000,000), provided that these securities: (a) are not subordinated, convertible or exchangeable; and (b) do not give a right to subscribe to or acquire other types of securities and they are not linked to a derivative instrument:

For the purpose of point (i) above, a "qualified investors" means persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC or recognised as eligible counterparties in accordance with Annex II to Directive 2004/39/EC unless they have requested that they be treated as nonprofessional clients.

- (c) By a holder of a collective investment scheme license as defined in the Investment Services Act (Chapter 370 of the Laws of Malta) provided such issue is made in accordance with the rules or regulations under that law; or
- (d) In relation to dividends paid out to existing shareholders in the form of shares of the same class as the shares in respect of which such dividends are paid provided that a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer;
- (e) In connection with an offer where securities are allotted to existing or former directors or employees by their employer or by an affiliated undertaking provided that the company has its head office or registered office in the Community and provided that a document is made available containing information on the number and nature of the securities and the reasons for and details of the offer, provided that this paragraph shall also apply to a company established outside the EU or the EEA and whose securities are admitted to trading either on a regulated market or on a third country market;
- (f) In relation to shares issued on the redemption or reduction of the shares of the same class already issued, if the issuing of such new shares does not involve any increase in the issued capital; or
- (g) In relation to an offer made in connection with a takeover bid, provided that the document is available containing information which is regarded by the Registrar as being equivalent to that of a prospectus;
- (h) In relation with an offer made in connection with or pursuant to a proposed merger or division, provided that a document is available containing information which is regarded by the Registrar as being equivalent to that of the prospectus.

Where a company allots or agrees to allot any shares or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for the sale to

the public is made shall for all purposes be deemed to be a prospectus and all the rules relating to prospectuses shall apply and have effect accordingly.

It shall be presumed, unless the contrary is proven that the allotment or agreement to allot was made with a view to the shares or debentures being offered for sale to the public if it is shown that an offer for the sale to the public was made within 6 months after the allotment or the agreement to allot; or that at the date when the offer was made, the whole consideration to be received by the public company in respect of the shares or debentures had not been so received.

If admission to the listing of debt securities are sought, the requirements of the Maltese Listing Rules as issued by the Malta Financial Services Authority would be apply in addition to the requirements to issue a prospectus in terms of the Companies Act.

## **25. Hellenic Republic**

The Securities have not been submitted to the approval procedure of the Hellenic Capital Market Commission contemplated by Law 3401/2005 which implements the Prospectus Directive, as amended by a) Law 4099/2012 which implements Directive 2010/73/EU amending the Prospectus Directive, b) Law 4416/2016 which implements Directive 2014/91/EU and c) Law 4374/2016 which implements Directive 2013/50/EU and Art. 1 of Directive 2014/51/EU. Any Manager or any distributor of Securities will be required to represent and agree that it has not offered or sold and will not offer or sell the Securities, unless it has complied and will comply with: (i) the public offer selling restrictions under the Prospectus Directive, as amended by Directive 2010/73/EU described above in this section; (ii) all applicable provisions of Greek Law 3401/2005, implementing into Greek law the Prospectus Directive, as amended by a) Law 4099/2012 which implements Directive 2010/73/EU amending the Prospectus Directive, b) Law 4416/2016 which implements Directive 2014/91/EU and c) Law 4374/2016 which implements Directive 2013/50/EU and Art. 1 of Directive 2014/51/EU; and (iii) all applicable provisions of Greek Law 876/1979, as currently in force, with respect to anything done in relation to any offering of any Securities in, from, or otherwise involving the Hellenic Republic.

## **26. Cyprus**

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

- (a) it has offered, sold or delivered, and it will offer, sell or deliver, Securities, and it has distributed, made available or caused to be distributed, and will distribute, make available or cause the distribution of, the prospectus or any other offering or promotional material relating to the Securities, in compliance with the Public Offer and Prospectus Law 114(I)/2005, as amended; and
- (b) throughout the period commencing on the date of the Base Prospectus and ending on the 2<sup>nd</sup> of January 2018 (inclusive), it has offered, sold or delivered, and it will offer, sell or deliver, Securities, and it has offered to provide or provided, and will offer to provide or provide, from or within the Republic of Cyprus or from abroad to the Republic of Cyprus, “Investment Services”, “Investment Activities” and “Ancillary Services” in relation to Securities, to persons residing, domiciled or within the Republic of Cyprus at the time the offer to provide or provision of “Investment Services”, “Investment Activities” and “Ancillary Services” reached or reaches the said persons, in compliance with the Investment Services and Activities and Regulated Markets Law 114(I)/2007, as amended; and
- (c) from the period commencing on the 3<sup>rd</sup> of January 2018 onwards and throughout such period, it has offered, sold or delivered, and it will offer, sell or deliver, Securities, and it has provided, and will provide, within the Republic of Cyprus “Investment Services”, “Investment Activities” and “Ancillary Services” in relation to Securities, in compliance with the Investment Services and Activities and Regulated Markets Law 87(I)/2017, as the same may be amended, and, to the extent applicable, the Investment Services and Activities and Regulated Markets Law 114(I)/2007, as amended.

## 27. Switzerland

Securities qualifying as structured products according to article 5 of the Swiss Collective Investment Schemes Act ("**CISA**") may be distributed to non-qualified investors (*nicht-qualifizierte Anlegerinnen und Anleger*) in or from Switzerland either (i) by means of a listing of such Securities on the SIX Swiss Exchange Ltd. or (ii) by means of making available a simplified prospectus relating to such Securities pursuant to article 5 of the CISA.

If neither of these requirements is met, then such Securities may only be distributed in or from Switzerland to qualified investors (*qualifizierte Anlegerinnen und Anleger*) as defined in article 10 of the CISA and its implementing ordinance ("**Qualified Investors**"). In such case, neither this Base Prospectus nor any other documents aimed at marketing specific Securities shall be despatched, copied to or otherwise made available to, and the Securities may not be offered for sale or advertised to any person in Switzerland, except to Qualified Investors, i.e. to (a) regulated financial intermediaries such as banks, securities traders, fund management companies and asset managers of collective investment schemes, as well as central banks, (b) regulated insurance institutions, (c) public entities and retirement benefits institutions with professional treasury operations, (d) companies with professional treasury operations, (e) High-Net-Worth Individuals (as defined below) who have confirmed in writing that they wish to be deemed Qualified Investors, or (f) investors who have concluded a written discretionary management agreement pursuant to article 3 para 2 lit b and c of the CISA, unless they have declared in writing that they do not wish to be deemed Qualified Investors.

A "**High-Net-Worth Individual**" (*vermögende Privatperson*) is a private individual who (i) provides evidence that, based on his/her education and his/her professional experience or based on comparable experience in the financial sector, he/she has the necessary know-how to understand the risks connected with an investment in the Securities and who owns, directly or indirectly, financial assets of at least CHF 500,000, or (ii) who confirms in writing that he/she owns, directly or indirectly, financial assets of at least CHF 5 million.

## 28. General

The Manager or, as the case may be, each Manager will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefor.

Neither the Issuer nor any Manager represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the Manager or, as the case may be, each Manager will be required to comply with such other restrictions as the Issuer and the Manager(s) shall agree and as shall be set out in the applicable Final Terms.

## FORM OF FINAL TERMS

**BANCA IMI S.P.A.**

*[Title of Warrants or Certificates]*

*[Commercial name of Warrants or Certificates]*

### **under the Warrants and Certificates Programme**

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Securities. Accordingly any person making or intending to make an offer of the Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph [83][61] of Part A below, provided such person is one of the persons mentioned in Paragraph [82][60] of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC and amendments thereto.]<sup>11</sup>

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC and amendments thereto.]<sup>12</sup>

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD, OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT). SEE "*OFFERING AND SALE*" IN THE BASE PROSPECTUS DATED 28 JULY 2017. IN PURCHASING THESE SECURITIES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.

### **PART A – CONTRACTUAL TERMS**

<sup>11</sup> Include this legend where a non-exempt offer of Securities is anticipated.

<sup>12</sup> Include this legend where only an exempt offer of Securities is anticipated.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 28 July 2017 [and the supplement[s] to the Base Prospectus dated [●] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive as amended]<sup>13</sup>. This document (which for the avoidance of doubt may be issued in respect of more than one series of Securities) constitutes the Final Terms of the Securities described herein [for the purposes of Article 5.4 of the Prospectus Directive]<sup>14</sup> and must be read in conjunction with the Base Prospectus [as supplemented]. Full information on the Issuer [and the offer of] the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Principal Security Agent. The Base Prospectus [and the supplement to the Base Prospectus] [has] [have] been published on the websites of the Irish Stock Exchange (<http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/ShowSecProgramme/?progID=673>), the Central Bank of Ireland (<http://www.centralbank.ie>) and the Issuer (<https://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents>). [A summary of the Securities (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms]<sup>15</sup>. In the case of the Securities admitted to trading on the regulated market of the Irish Stock Exchange, the Final Terms will be published on the website of the Irish Stock Exchange [and of the Issuer]<sup>16</sup>.

*[The Final Terms relating to each issue of Securities will contain (without limitation) such of the following information as is applicable in respect of such Securities. Any information that is not applicable will be deleted.]*

References herein to numbered Conditions are to the terms and conditions of the relevant series of Securities and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms insofar as they relate to such series of Securities, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "Securities" shall be deemed to be references to the relevant [Warrants/Certificates] that are the subject of these Final Terms and references to "Securities" and "Security" shall be construed accordingly.

*[The purchase of Securities involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. Before making an investment decision, prospective purchasers of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth (or incorporated by reference) in the Base Prospectus (including "Risk Factors" on pages 40 to 70 thereof) and these Final Terms.]*

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (the "**Conditions**") set forth in the Base Prospectus dated 5 July 2016 and the relevant first supplement dated 1 September 2016, which are incorporated by reference in the Base Prospectus dated 28 July 2017. This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 28 July 2017 [and the supplement[s] to it dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified offices of the Paying Agents. The Base Prospectus has been published on the websites of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)), the Central Bank of Ireland (<http://www.centralbank.ie>) and the Issuer (<http://www.bancaimi.prodottiequotazioni.com/EN/Legal->

<sup>13</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

<sup>14</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

<sup>15</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

<sup>16</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

[Documents](#)).

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

[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any other person.]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Securities are not intended[, from 1 January 2018,] to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[By investing in the Securities each investor represents that:

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

1. Issuer: Banca IMI S.p.A.

2. Specific provisions for each Series:

Series Number	No. of Securities issued	[Issue price][Premium] per Security	Exercise Date
●	●	●	[•] [from and including] [•] [to and including] [•]
●	●	●	[from and including] [•] [to and including] [•]



3. Minimum Exercise Amount: [[ ] [Not applicable]
4. Minimum Trading Amount: [[ ] [Not applicable]
5. Consolidation: [The Securities are to be consolidated and form a single series with the *[insert title of relevant series of Securities]* issued on *[insert issue date]*]. (Only applicable in relation to Securities which are fungible with an existing series of Securities) [Not applicable]

6. Type of Securities and underlying asset:
- (a) The Securities are [Certificates][Warrants]. [The Certificates are [Index Securities] [and] [Share Securities<sup>17</sup>] [and] [Exchange Rate Securities] [and] [Interest Rate Securities] [and] [Futures Contract Securities] [and] [Commodity Securities] [and] [Fund Securities] [and] [Proprietary Index Securities] [Combined Securities].] [The Warrants are [European][American] Style Warrants.]
- (b) The item(s) to which the Securities relate [is] [are] *[specify underlying asset(s) in relation to the remuneration amounts and the Cash Settlement Amount]*

*[in case of Combined Securities specify the amount(s) to which each underlying relates]*

*[in case of Basket insert:*

a Basket of [ ] composed as follows:

<i>i</i>	<b>Basket Constituent</b>	<b>Basket Constituent Weight</b>	<b>[Cap]</b>
[ ]	[ ]	[ ]%	[ ]
[ ]	[ ]	[ ]%	[ ]
[ ]	[ ]	[ ]%	[ ]

]

*[in case of Multiperformance Certificates insert:*

the following Underlyings:

<i>i</i>	<b>Underlying</b>
[ ]	[ ]

<sup>17</sup> In the case of Share Securities to be issued in the context of a non-exempt offer, the relevant Share(s) must be listed in Italy on the markets managed by Borsa Italiana S.p.A., or listed on European or foreign stock exchanges (*i.e.* traded on regulated, regularly operating and/or recognized open market(s)).

[ ]	[ ]
[ ]	[ ]

]

*[in case of Currency Certificates insert:*

the following exchange rates:

<b>exchange rate</b>	<b>Exchange Rate Weight</b>
[ ]	[ ]%
[ ]	[ ]%
[ ]	[ ]%

]

*[in case of Interest Rate specify Calculation Entity]*

*[in case of Spread Certificates insert:*

Underlying A: [ ]

Underlying B: [ ]

*[in case of Proprietary Index Securities insert, in relation to each Index fund:*

The Proprietary Index is composed of a Non-Risky Component represented by the daily compounding of the EONIA Rate and a Risky Component represented by an Index Reference Fund elected from time to time among the following Index Funds:

<b>Index Fund</b>	<b>Identifier Code (ISIN)</b>	<b>Index Fund Name</b>	<b>Annual Percentage Fees</b>	<b>Nav Lag</b>	<b>Execution Delay</b>
Index FundA	[ ]	[ ]	[ ]%	[ ]	[ ]
Index FundB	[ ]	[ ]	[ ]%	[ ]	[ ]

The Target Volatility Level is equal to [ ]

The Upper Bound is: [ ]

The Lower Bound is: [ ]

7. Typology: [ ]
8. (i) Exercise Date: The Exercise Date of the Securities is set out in paragraph 2 under "Specific Provisions for each Series" above.
- (ii) Renouncement Notice Cut-off Time: [ ] (*Only applicable for Italian Listed Securities*) [Not applicable]
9. Settlement Date: The Settlement Date for the Securities is [ ].
10. Delivery Date: [The Delivery Date for the Securities is [ ].][Not applicable.]
11. Number of Securities being issued: The number of Securities being issued is set out in paragraph 2 under "Specific Provisions for each Series", above.
12. Issue Date: The Issue Date is [ ].
13. Discount Price [ ] [Not applicable].
14. Issue Currency: The Issue Currency is [ ].
15. Issue Price: The issue price per Security is set out in paragraph 2 under "Specific Provisions for each Series", above.
16. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 3 [is/are] [ ].
- Applicable calendar (*Only applicable in relation to Proprietary Index Securities. Delete if not applicable*): [ ] (*insert the applicable calendar in relation to each Index Fund*)
17. Settlement Business Day: [Settlement Business day for the purposes of Condition 4 means [ ]. (*N.B. Only applicable in the case of Physical Delivery Securities*)][Not applicable]
18. Reference Source: [Applicable. The Reference Source in relation to the Underlying is [ ]./ Not applicable.]
19. Settlement: Settlement will be by way of [cash payment (**Cash Settled Securities**)] [and/or] [physical delivery (**Physical Delivery Securities**)].
20. Exchange Rate: [The applicable Exchange Rate for conversion of the Underlying Reference Currency into the Settlement Currency, is [*insert rate of exchange and details of how and when such rate is to be ascertained*]] [Not applicable].
21. Settlement Currency: The settlement currency [[for the payment of [the Cash Settlement Amount] (*in the case of Cash Settled Securities*)]/[the Settlement Disruption Amount] (*in the case of Physical Delivery Securities*)] [and any other remuneration amount under the Securities]] is [ ].
- [If the Securities are Cash Settled Securities that are Dual Currency Securities: The Securities are Dual Currency Securities (include applicable provisions, such as:*

- Exchange Rate/method of calculating the Exchange Rate
- the party, if any, responsible for calculating the Cash Settlement Amount
- the provisions applicable where calculation by reference to the Rate of Exchange is impossible or impracticable, including a description of market disruption or settlement disruption events and adjustment provisions
- person at whose option the Specified Currency(ies) are payable).

22. Name and address of Calculation Agent: The Calculation Agent is [ ]. [*Insert address of Calculation Agent*]
23. Exchange(s): [For the purposes of Condition 3 and Condition 15, the relevant Exchange[s] [is/are] [ ] [in respect of each component security of the Index (each an Index Constituent), [ ] [the principal stock exchange on which such Index Constituent is principally traded, as determined by the Calculation Agent]].
- [Not applicable]
- ]
24. [Reference Source] [, Index Sponsor ] [, Fund Manager] [, Calculation Entity]: [ ] [Not applicable]
25. Related Exchange(s): [For the purposes of Condition 15, the relevant Related Exchange(s) [is/are] [ ] [Not applicable]
26. Rollover Date: [ ] [Not applicable]
- (*Only applicable in relation to Futures Contract Securities*)
27. Open End Feature: [Applicable][Not applicable]
28. Put Option: (*only if Put Option or Open End Feature is specified as applicable. Delete the sub-paragraphs if not applicable*) [Applicable][Not applicable]
- Put Valuation Date(s): [ ]
- Put Notice Period: from [ ] to [ ] (*Specify each period if more than one*)
29. Call Option: (*only if Call Option or Open End Feature is specified as applicable. Delete the sub-paragraphs if not applicable*) [Applicable][Not applicable]
- Call Valuation Date(s): [ ]
- Call Notice Period: from [ ] to [ ] (*Specify each period if more than one*)

30. Maximum Level: [Applicable *[specify level]*/ Not applicable]
31. Minimum Level: [Applicable *[specify level]*/ Not applicable]  
(Only applicable in relation to Fund Securities)
32. Multiplier: [The Multiplier to be applied is *[insert a value or the Issue Price divided by the Initial Reference Value]*][Not applicable]
33. Relevant Asset(s): [The Relevant Asset to which the Securities relate *[is/are]* [ ]][Not applicable].  
  
(Only applicable in relation to Physical Delivery Securities)
34. Entitlement: [Not applicable.]  
  
[The Entitlement (as defined in Condition 3) in relation to each Security is *[insert determination method in accordance to Condition 18(C) (in relation to Warrants) or 21(D) (in relation to Certificates) of the Terms and Conditions of the Securities]*.  
  
The Entitlement will be evidenced by *[insert details of how the Entitlement will be evidenced]*  
  
The Entitlement will be delivered *[insert details of the method of delivery of the Entitlement]*.]  
  
(Only applicable in relation to Physical Delivery Securities)
35. AMF Percentage: [Not applicable]  
  
[ ]%
- (Only in relation to Benchmark Certificates if AMF or VMF is specified as applicable)
- VMF Percentage: [Not applicable]  
  
[ ]%
- (Only in relation to Benchmark Certificates if VMF is specified as applicable)
36. Cash Settlement Amount: [Not applicable.] *[Insert details of how Cash Settlement Amount is to be calculated pursuant to Condition 23]*  
  
*[Specify the Underlying(s) which will be considered for the purposes of the calculation of the Cash Settlement Amount]*
37. Strike Price: [ ] [Not applicable] (Only applicable in relation to Short Benchmark Certificates)
38. Conversion Rate: [ ] [Not applicable] (Only applicable in relation to Dual Currency FX Certificates)
39. Underlying Reference Currency: The Underlying Reference Currency is [ ]
40. Quanto Option: [Applicable] [Not applicable]

41. Determination Date(s): [ ] / from [ ] to [ ] [Not applicable]
42. Valuation Date(s): [ ] / from [ ] to [ ] [Not applicable]
43. Intraday Value: [Applicable][Not applicable].
44. Reference Value: [The Reference Value will be *[insert the calculation method according to one of the methods specified in the definition of Reference Value included in Condition 3 of the Terms and Conditions of the Securities].*]
- [For the purposes of the [Cliquet Feature][determination of the [Accumulating Event][Barrier Event][Barrier Gap Event][Coupon Event][Digital Event][Memory Effect][Consolidation Effect][Early Redemption Event][Extra Consolidation Digital Event][Gearing Event][Knock-in Event][Knock-out Event][Participation Rebate Event][Restrike Event][Switch Event][Internal Return Amount][Participation Remuneration Amount]][calculation of the performance in relation to the [Global Performance][Performance Sum]] the Reference Value will be *[insert determination or calculation method among those specified in the Base Prospectus]*]
- [Not applicable]
45. Initial Reference Value: The Initial Reference Value will be calculated on *[insert the relevant date(s)], [insert the calculation method according to one of the methods specified in the definition of Initial Reference Value included in Condition 3 of the Terms and Conditions of the Securities].*
- Initial Reference Value Determination Period(s): [[ ] / from [ ] to [ ]][Not applicable]
- Initial Calculation Date: [ ] [Not applicable]
- (Only applicable in relation to Proprietary Index Certificates)*
46. Final Reference Value: The Final Reference Value will be calculated on *[insert the relevant date(s)], [insert the calculation method according to one of the methods specified in the definition of Final Reference Value included in Condition 3 of the Terms and Conditions of the Securities].*
- Final Reference Value Determination Period(s): [[ ] / from [ ] to [ ]][Not applicable]
- Expected Final Calculation Date: [ ] [Not applicable]
- (Only applicable in relation to Proprietary Index Certificates)*
47. Best Of Feature: [Applicable *[specify details]*] [Not applicable]

48. Worst Of Feature: [Applicable *[specify details]*] [Not applicable]

49. Rainbow Feature: [Applicable *[specify details]*] [Not applicable]

#### [PROVISIONS RELATING TO CERTIFICATES]

*(The following provisions are only applicable to Certificates. Delete this section in the case of offer/listing of Warrants)*

50. Performance Cap: [Applicable. Equal to [ ]% [In relation to Performance of the Underlying A equal to [ ]% and in relation to Performance of the Underlying B equal to [ ]%] [Not applicable.]

Performance Floor: [Applicable. Equal to [ ]% [In relation to Performance of the Underlying A equal to [ ]% and in relation to Performance of the Underlying B equal to [ ]%] [Not applicable.]

Performance Participation Factor: [[ ]%][Not applicable]

51. Initial Percentage: [[ ]%][Not applicable]

52. Participation Factor: [[ ]%][Not applicable]

53. Down Participation Factor: [[ ]%][Not applicable]

54. Up Participation Factor: [[ ]%][Not applicable]

55. Initial Leverage: *(Delete sub-paragraph if not applicable)* [[ ]%] [Not applicable] *(only applicable in relation to Lucky Protection Certificates)*

Adjust Factor: [ ]%

56. Barrier Event: [Applicable *[specify details]*] [Not applicable]

Barrier Event Determination Period(s): [ ] [from [ ] to [ ]] [Not applicable]

Barrier Level: [ ] [*Specify the level of the period or the different levels for the same period and for each period if more than one*]

[Not applicable]

Barrier Selection Period: [ ] [Not applicable]

Strike Observation Period: [ ] [Not applicable]

Air Bag Factor: [ ] [Not applicable]

Protection Level: [ ] [Not applicable]

Protection Percentage: [ ]% [Not applicable]

Spread Protection: [ ] [Not applicable]

Protection Amount: [ ] [Not applicable]

Dropdown Protection Level: [ ] [Not applicable]

- Dynamic Protection Level: [ ] [Not applicable](only applicable in relation to Dynamic Protection Certificates)
- Step Up Amount: [ ] [Not applicable](only applicable in relation to Dynamic Protection Certificates)
- Sigma Amount: [ ] [Not applicable]
- Predetermined Loss Percentage: [[ ] %][Not applicable]
- Short Protection: [ ] [Not applicable][only in case of Standard Short Barrier Protected Certificates and Max Short Barrier Protected Certificates]
57. Barrier Gap Event: *(Delete sub-paragraphs if not applicable)* [Applicable [specify details]] [Not applicable]
- Barrier Gap Observation Period(s): [ ] [from [ ] to [ ]] *(Specify each period if more than one)*
- Barrier Gap Level: [[ ] %][Not applicable]
- Barrier Gap Leverage: [Applicable [specify details]]
58. Cap Level: *(Delete sub-paragraphs if not applicable)* [Applicable [specify details]] [Not applicable]
- Cap Percentage: [[ ] %] [Not applicable]
- Cap Amount: [ ] [Not applicable]
- Cap Style 1: [Applicable [specify details]] [Not applicable] *(only in case of Restrike Feature)*
- Cap Style 2: [Applicable [specify details]] [Not applicable] *(only in case of Restrike Feature)*
59. Cap Barrier Amount: [ ] [Not Applicable]
60. Cap Down Amount: [ ] [Not Applicable]
61. Strike Percentage: [ ] % [Not applicable]
62. Switch Event: *(Delete sub-paragraphs if not applicable)* [Applicable. [Specify details]] [Not applicable]
- Switch Level: [ ] %
- Switch Valuation Period: [ ][ ] / from [ ] to [ ]
63. Spread: *(Delete sub-paragraph if not applicable)* [Applicable] [Not applicable] *[Insert the formula to determine the Performance of the Underlying A and Performance of the Underlying B]*
- Margin: [Applicable [specify details [ ]]] [Not applicable]
64. Gearing Event: *(Delete sub-* [Applicable [specify details]] [Not applicable] *only applicable*



- paragraphs if not applicable)* *in relation to Dynamic Protection Certificates)*
- Gearing Level: [ ]
- Gearing: [ ]%
- Initial Gearing: [ ]%
65. Buffer Event: *(Delete sub-paragraphs if not applicable)* [Applicable. *[Specify details]*] [Not applicable]
- Buffer Percentage: [ ]%
- Performance Sum: [The Performance Sum will be calculated on the Performance Observation Date(s) *[insert calculation method and strategy]*].
- Protection Percentage: [ ]%
- Buffer Valuation Date(s): [ ]
66. Global Performance: *(Delete sub-paragraphs if not applicable)* [Applicable] [The Global Performance will be calculated on the Performance Observation Date(s) *[insert calculation method]*] [Not applicable]
- Participation Factor: [ ]%
- Local Floor Percentage: [ ]%
- Global Strike Percentage: [ ]%
- Performance Observation Date(s): [ ]  
*[only applicable in case of Buffer Protection Certificates and Global Performance Certificates]* [ ] / from [ ] to [ ]
- Strike Level: [[ ]%][Not applicable] *(Only applicable to Dual Currency FX Certificates)*
67. Failure to Deliver due to Illiquidity: [Not applicable] [Failure to Deliver due to Illiquidity applies to the Securities.]  
*(N.B. (1) Only applicable in the case of Physical Delivery Securities. (2) Failure to Deliver due to Illiquidity is applicable to certain Share Securities. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Securities)*

**PROVISIONS RELATING TO REMUNERATION AMOUNTS AND EARLY REDEMPTION AMOUNTS**

68. Knock-out Feature: *(Delete sub-paragraphs if not applicable)* [Applicable in relation to [ ]] [Not applicable]
- Knock-out Event: [ ] *(Specify details for each period if more than one)*
- Knock-out Level: [ ] *(Specify for each period if more than one)*
- Knock-out Valuation Period(s): [ ] *(Specify each period if more than one)*

69. Knock-in Feature: *(Delete sub-paragraphs if not applicable)* [Applicable in relation to [ ]] [Not applicable]
- Knock-in Event: [ ] *(Specify details for each period if more than one)*
- Knock-in Level: [ ] *(Specify for each period if more than one)*
- Knock-in Valuation Period(s): [ ] *(Specify each period if more than one)*
70. Digital Amount(s): *(Delete sub-paragraphs if not applicable)* [ ] *(specify for each level/period if more than one)* [Equal to Coupon Premium 1 or Coupon Premium 2 depending on the occurrence of Coupon Event] [Not applicable]
- Underlying(s): [ ] *(Specify underlying(s) in relation to each Digital Valuation Period)*[Not applicable.]
- Digital Level(s): [ ] *(Specify each level/period if more than one)* [Not applicable]
- Up Range Digital Level: *[only if Range Level Option is specified as applicable]*[ ] [% of the Initial Reference Value.] [Not applicable]
- Down Range Digital Level: *[only if Range Level Option is specified as applicable]*[ ] [% of the Initial Reference Value.] [Not applicable]
- Digital Valuation Period(s): [ ] *(Specify each period if more than one)*
- Digital Payment Date(s): [ ] *(Specify for each period if more than one)*
- Digital Combo Feature: [Applicable *[specify details]*] [Not applicable]
- Cliquet Feature: [Applicable *[specify details]*] [Not applicable]
- Range Level Option: [Applicable *[specify details]*] [Not applicable]
- Consolidation Effect: [Applicable *[specify details]*] [Not applicable]
- Consolidation Level: [ ] *(Specify for each period if more than one)* [Not applicable]
- Consolidation Valuation Period(s): [ ] *(Specify each period if more than one)* [Not applicable]
- Extra Consolidation Digital Feature: [Applicable *[specify details]*][Not applicable]
- Extra Consolidation Digital Level: [ ] *(Specify for each period if more than one)* [Not applicable]
- Extra Consolidation Digital Period(s): [ ] *(Specify each period if more than one)* [Not applicable]
- Memory Effect: [Applicable *[specify details]*] [Not applicable]
- Memory Level: [ ] *(Specify for each period if more than one)* [Not applicable]
- Memory Valuation Period(s): [ ] *(Specify each period if more than one)* [Not applicable]
- Path Dependency Effect: [Applicable *[specify details]*] [Not applicable]

- Path Dependency Amount:  [Not applicable]
71. Restrike Feature: *(Delete sub-paragraphs if not applicable)*  [Applicable *[specify details]*]  [Not applicable]
- Restrike Level:  % *(Specify for each period if more than one)*
- Restrike Observation Date(s):  *(Specify each period if more than one)*
- Restrike Percentage:  % *(Specify for each period if more than one)*
72. Plus Amount(s): *(Delete sub-paragraph if not applicable)*  [Applicable *[specify details]*]  [Not applicable]
- Plus Payment Date(s):  *(Specify each date if more than one)*
73. Accumulated Amount(s): *(Delete sub-paragraph if not applicable)*  [Applicable. *[If an Early Redemption Level is applicable under item 74, specify whether the payment of the Accumulated Amount is conditional upon occurrence of an Early Redemption Event]*]  [Not applicable]
- Accumulating Amount(s):  *(Specify for each period if more than one)*
- Accumulating Event(s):  *(Specify details)*
- Underlying(s): *[specify underlying(s) in relation to the determination of the Accumulating Event]*  [Not applicable]
- Accumulating Level(s):  *(Specify for each period if more than one)*  [Not applicable]
- Up Range Accumulating Level(s):  *(Specify for each period if more than one)*  [Not applicable]
- Down Range Accumulating Level(s):  *(Specify for each period if more than one)*  [Not applicable]
- Accumulating Valuation Period(s):  *(Specify each period if more than one)*
- Accumulated Valuation Date(s):  *(Specify for each period if more than one)*
- Accumulated Payment Date(s):  *(Specify for each period if more than one)*
- Accumulating Trigger Amount(s):  *(Specify for each period if more than one)*  [Not applicable]
74. Early Redemption Amount(s): *(Delete sub-paragraph if not applicable)*  [Applicable] *(Specify for each period if more than one)*  [Equal to Coupon Premium 1 or Coupon Premium 2 depending on the occurrence of Coupon Event]  [Not applicable]
- Early Redemption Event:  *(Specify details)*
- Underlying(s): *[specify underlying(s) in relation to the calculation of the Early Redemption Amount.]*  [Not applicable]
- Early Redemption Level:  *(Specify the level of the period or the different levels for the same period and for each period if more than one)*
- Early Redemption Valuation Period(s):  *(Specify each period if more than one)*

- Early Payment Date(s): [ ] (*Specify for each period if more than one*)
75. Coupon Event: (*Delete sub-paragraphs if not applicable*) [Applicable [*specify details*]] [Not applicable]
- Coupon Level: [ ]
- Coupon Determination Period: [ ]
- Coupon Valuation Date: [ ]
- Coupon Premium 1: [ ]
- Coupon Premium 2: [ ]
76. Internal Return Amount: (*Delete sub-paragraphs if not applicable*) [Applicable [*IRA Compound / IRA Simple*]] [Not applicable]
- Underlying(s): [*specify underlying(s) in relation to the calculation of the IRA Amount.*][Not applicable]
- Annual Valuation Date(s): [*Specify date(s)*]
- IRA Cap: [[ ]%] [Not applicable]
- Annual Remuneration Payment Date(s): [*Specify date(s) for each Annual Valuation Date if more than one*]
77. Participation Remuneration Amount: (*Delete sub-paragraph if not applicable*) [Applicable (*specify details*)] [Not applicable]
- Participation Valuation Date(s): [ ]
- Participation Valuation Period(s): [from [ ] to [ ] (*specify in relation to each period if more than one*)] [Not applicable]
- Strike Remuneration Percentage: [ ] [Not applicable]
- Floor Percentage: [ ] [Not applicable]
- Cap: [Applicable [*specify details in relation to the Participation Remuneration Amount*]] / Not applicable]
- Net Profit Feature: [Applicable / Not applicable]
- [*if applicable, specify details / specify the relevant Participation Remuneration Amount(s) and the relevant Remuneration Payments Date(s) for the calculation of the Remuneration Sum*]
- Participation Combo Feature: [Applicable [*specify details*]] [Not applicable]
- Participation Factor: [ ] [Not applicable]
78. Participation Rebate Feature: [Applicable] [Not applicable]  
(*Delete sub-paragraphs if not*)

*applicable)*

Participation Rebate Event: [Applicable [*specify details*]]

Participation Rebate Level: [ ] (*specify for each period if more than one*)

Participation Rebate Valuation Period(s): [ ] (*specify each period if more than one*)

79. Premium Gap Amount: (*Delete the sub-paragraphs if not applicable*): [Not applicable.] [Applicable: [Floating Premium] [and] [Fixed Premium] [and] [Difference in Rates] determined on the basis of the number of days within the [relevant] Premium Gap Observation Period, which is the period that will be composed by:

- i. if a Barrier Gap Event has not occurred, the same number of days comprised in the [relevant] Premium Determination Period; or
- ii. if a Barrier Gap Event has occurred, the number of days from [and including] [but excluding] the initial day of the [relevant] Premium Determination Period to [and including] [but excluding] the day on which the Barrier Gap Event has occurred and not on the basis of all the days of the [relevant] Premium Determination Period.

[If a Barrier Gap Event occurs, after the payment of the Premium Gap Amount that will be paid on the payment date following the Barrier Gap Event Date on which a Barrier Gap Event has occurred, no further Premium Gap Amount will be paid to the investors.]

Fixed Premium: (*delete the following sub-paragraph if not applicable*) [Applicable [*specify in relation to which period if more than one*]][Not applicable]

– Premium Percentage: [ ]

– Day Count Fraction: [ACT/360][Actual/Actual] (*specify details, if necessary*)  
[following] [modified following] [adjusted] [unadjusted]

– Premium Determination Period: [from [ ] to [ ]] (*specify for each period if more than one*)

– Premium Gap Payment Date(s): [ ] (*specify for each period if more than one*)

Floating Premium: (*delete the following sub-paragraph if not applicable*): [Applicable [*specify in relation to which period if more than one*]] [Not applicable]

– Premium Percentage: [ ]

– Premium Margin [Applicable [*specify details*]] [Not applicable] (Please note that the Premium Margin may be equal to zero if the Issuer decides

*not to apply it for the calculation of the relevant Premium Gap Amount)*

- Day Count Fraction: [ACT/360][Actual/Actual] (*specify details, if necessary*)  
[following] [modified following] [adjusted] [unadjusted]
- Premium Determination Period: [from [ ] to [ ]] (*specify for each period if more than one*)
- Premium Gap Payment Date(s): [ ] (*specify for each period if more than one*)
- Manner in which the rate of interest is to be determined: [Screen Rate Determination/ISDA Determination]
- Screen Rate Determination: [Applicable][Not applicable]
- Reference Entity: [LIBOR] [EURIBOR] [CMS RATE] [EONIA RATE] [*specify details*]
- Relevant Financial Centre: [*specify relevant Financial Centre*](*only relevant for CMS Rate*)
- Reference Currency: [ ] (*only relevant for CMS Rate*)
- Designated Maturity: [ ] (*only relevant for CMS Rate*)
- Specified Time: [ ] in the relevant Financial Centre (*only relevant for CMS Rate*)
- Interest Determination Date(s): [ ]  
  
*(in the case of LIBOR (other than Sterling or euro LIBOR):*  
[Second London business day prior to the start of each Interest Period]  
  
*(in the case of Sterling LIBOR):* [first day of each Interest Period]  
  
*(in the case of euro LIBOR or EURIBOR):* [the second day on which the TARGET2 System is open prior to the start of each Interest Period]  
  
*(in the case of a CMS Rate where the Reference Currency is euro):* [second day on which the TARGET2 System is open prior to the start of each Interest Period]  
  
*(in the case of a CMS Rate where the Reference Currency is other than euro):* [second [specify type of day] prior to the start of each Interest Period]
- Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

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

- ISDA Determination: [Applicable][Not applicable]
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ] *(In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)*
- Difference in Rates: *(delete the following sub-paragraph if not applicable):* [Applicable *[specify in relation to which period if more than one]*] [Not applicable]
- Day Count Fraction: [ACT/360][Actual/Actual] *(specify details, if necessary)*  
[following] [modified following] [adjusted] [unadjusted]
- Premium Determination Period: [from [ ] to [ ]] *(specify for each period if more than one)*
- Premium Gap Payment Date(s): [ ] *(specify for each period if more than one)*
- Rate 1:
  - (i) Premium Percentage: [ ]
  - (ii) Premium Margin: [Applicable *[specify details]*] [Not applicable] *(Please note that the Premium Margin may be equal to zero if the Issuer decides not to apply it for the calculation of the relevant Premium Gap Amount)*
  - (iii) Manner in which Rate 1 is to be determined: [Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]

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

- Reference Entity: [LIBOR] [EURIBOR] [CMS RATE] [EONIA RATE] *[specify details]*

- Relevant Financial Centre: [specify relevant Financial Centre](only relevant for CMS Rate)
  - Reference Currency: [ ] (only relevant for CMS Rate)
  - Designated Maturity: [ ] (only relevant for CMS Rate)
  - Specified Time: [ ] in the relevant Financial Centre (only relevant for CMS Rate)
  - Interest Determination Date(s): [ ]
    - (in the case of LIBOR (other than Sterling or euro LIBOR): [Second London business day prior to the start of each Interest Period]
    - (in the case of Sterling LIBOR): [first day of each Interest Period]
    - (in the case of euro LIBOR or EURIBOR): [the second day on which the TARGET2 System is open prior to the start of each Interest Period]
    - (in the case of a CMS Rate where the Reference Currency is euro): [second day on which the TARGET2 System is open prior to the start of each Interest Period]
    - (in the case of a CMS Rate where the Reference Currency is other than euro): [second [specify type of day] prior to the start of each Interest Period]
  - Relevant Screen Page: [ ]
    - (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
    - (In the case of CMS Rate Linked Interest Note, specify relevant screen page and any applicable headings and captions)
- Sub-paragraphs below to be completed if Rate 1 is an ISDA Rate or a CMS Rate to be determined in accordance with ISDA Determination:*
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date [ ] (In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)



- Rate 2: [ ]
- (i) Premium Percentage: [ ]
- (ii) Premium Margin: [Applicable *[specify details]*] [Not applicable] (Please note that *the Premium Margin may be equal to zero if the Issuer decides not to apply it for the calculation of the relevant Premium Gap Amount*)
- (iii) Manner in which Rate 1 is to be determined: [Reference Rate determined in accordance with Screen Rate Determination/ISDA Rate determined in accordance with ISDA Determination/ CMS Rate determined in accordance with ISDA Determination]

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

- Reference Entity: [LIBOR] [EURIBOR] [CMS RATE] [EONIA RATE] *[specify details]*
- Relevant Financial Centre: *[specify relevant Financial Centre](only relevant for CMS Rate)*
- Reference Currency: [ ] *(only relevant for CMS Rate)*
- Designated Maturity: [ ] *(only relevant for CMS Rate)*
- Specified Time: [ ] *in the relevant Financial Centre (only relevant for CMS Rate)*
- Interest Determination Date(s): [ ]  
*(in the case of LIBOR (other than Sterling or euro LIBOR): [Second London business day prior to the start of each Interest Period]*  
*(in the case of Sterling LIBOR): [first day of each Interest Period]*  
*(in the case of euro LIBOR or EURIBOR): [the second day on which the TARGET2 System is open prior to the start of each Interest Period]*  
*(in the case of a CMS Rate where the Reference Currency is euro): [second day on which the TARGET2 System is open prior to the start of each Interest Period]*  
*(in the case of a CMS Rate where the Reference Currency is other than euro): [second [specify type of day] prior to the start of each Interest Period]*
- Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

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

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

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date [ ] *(In the case of a LIBOR or EURIBOR or CMS Rate based option, the first day of the Interest Period)*

#### **[PROVISIONS RELATING TO WARRANTS]**

*(The following provisions are only applicable to Warrants. Delete this section in the case of offer/listing of Certificates)*

50. Type of Warrants: (i) the Warrants are [European/American] Style Warrants  
(ii) the Warrants are [[Call] [Put] [Spread]] Warrants.]
51. Notional Amount: [Not applicable] [ ]
52. Premium: [Not applicable] [[ ] [(being) [ ]% of the Notional Amount[]]] for each Warrant.]
53. Strike Percentage: [ ] % [Not applicable]
54. Premium Payment Date: [ ]
55. Exercise Period: [Not applicable] [[ ]] *(Only applicable for American Style Warrants)*
56. Maximum Exercise Number: [Not applicable] [The maximum number of Warrants that must be exercised on any day by any Securityholder or group of Securityholders is [ ]] *(Not applicable for European Style Warrants).*
57. Units: [Not applicable] [ ]

#### **GENERAL**

80. Form of Securities: [Bearer Securities]  
/58.

[Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security.]

[Temporary Global Security exchangeable for Definitive Securities on or after the Exchange Date.]

[Permanent Global Security exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security.]]

[Registered Securities]

81. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the offer of the Securities is concluded prior to 1 January 2018, or on and after that date the Securities clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Securities will be concluded on or after 1 January 2018 and the Securities may constitute "packaged" products [or constitute "packaged" products but will be offered to qualified investors only] and no KID will be prepared, "Applicable" should be specified.)*

## DISTRIBUTION

82. Syndication: [Not applicable.] [The Securities will be distributed on a [non-syndicated basis.]

/60.

(i) [If syndicated, names and addresses of Managers and underwriting commitments: [give names, and addresses and underwriting commitments] [Not applicable.] ]

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

(ii) [Date of Subscription Agreement: [ ] [Not applicable.] ]

(iii) [Stabilising Manager (if any): [Not applicable][give name and address (\*)]

[If non-syndicated, name and address of Manager (if not the Issuer): [Name and address] [Not applicable.] ]

[Total commission, concession and costs: [specify the total commission, the single components of commission and cost, if any, and the elements to be taken into account for the purposes of determining the variable commission, if any, or other structuring fee, if any] [Not applicable.]]

83. Non exempt Offer\* :  
/61.

[Not Applicable] [An offer of the Securities may be made by the Manager[s] [or through *specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Issuer") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (the Distributors and, together with the Manager[s], the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in [*specify Relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] ("**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"*] ("**Offer Period**"). See further Paragraph 12 of Part B below.*

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

#### ADDITIONAL INFORMATION

(A) Example(s) of complex derivatives securities:

[Not applicable.] [*Insert, where available, scenarios and simulations of the Certificates, for informative and illustrative purposes only, with a statement that they do not purport either to be comprehensive or anticipate or guarantee future returns.*]

(B) Additional provisions, not required by the relevant securities note, relating to the underlying:

[Not applicable.] [*Insert, where available, any other relevant additional information relating to the underlying pursuant to Annex XXI of the Commission Delegated Regulation (EU) of 30 March 2012, such as underlying disclaimers and/or historical performances of the underlying.*]

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\* Not relevant for an issue of Securities with an issue price of equal to or greater than EUR 100,000 (or its equivalent in another currency).

**[DISTRIBUTION IN OR FROM SWITZERLAND TO NON-QUALIFIED INVESTORS AND SWISS SIMPLIFIED PROSPECTUS]\*\***

*[If structured products distributed in or from Switzerland to non-qualified investors, and not listed on SIX, add: Applicable. The Securities may be distributed to non-qualified investors in or from Switzerland. A Swiss simplified prospectus has been made available for the purpose of the offer of these Securities in or from Switzerland in accordance with the requirements of the Swiss Collective Investment Schemes Act. Copies of the Swiss simplified prospectus are available from [insert relevant address and contact details in Switzerland]*

*[If Securities listed on SIX, add: Applicable. The Securities may be distributed in or from Switzerland to non-qualified investors. [If structured product (i) distributed in or from Switzerland or (ii) applied for provisional trading on SIX prior to Final Terms being available, add: A ([indicative]) termsheet in the form of a Swiss simplified prospectus has been made available.]*

*[If Securities are not structured products, distributed in or from Switzerland, and not listed on SIX, add: Applicable. The Securites may be distributed in or from Switzerland. No Swiss simplified prospectus in accordance with the requirements of the Swiss Collective Investment Schemes Act is required for the purpose of the offer of these Securities.]*

*[In any other case, add: Not Applicable]*

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and public offer in the Public Offer Jurisdictions] [and admission to trading on [specify relevant regulated market (for example the Irish Stock Exchange) and, if relevant, admission to an official list (for example, the Official List of the Irish Stock Exchange)]] of the Securities described herein pursuant to the Certificates Programme of Banca IMI S.p.A.

**RESPONSIBILITY**

[Subject as provided below,] [t][T]he Issuer accepts responsibility for the information contained in these Final Terms. [The information relating to ● [and ●] (the "**Reference Information**") contained herein has been accurately [reproduced] [extracted] from [insert information source(s)]. As far as the Issuer is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the [reproduced] [extracted] information inaccurate or misleading. The Issuer accepts responsibility for the accuracy of such [extraction][reproduction] but accepts no further or other responsibility in respect of such information.]]

[Signed on behalf of the Issuer:

By: .....

*Duly authorised]*

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\*\* Distribution in or from Switzerland is exempt from the Prospectus Directive.

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing: [Ireland [Austria] [Belgium] [Croatia] [Cyprus] [Czech Republic] [Denmark] [France] [Germany] [Luxembourg] [Hellenic Republic] [Hungary] [Malta] [Netherlands] [Poland] [Portuguese Republic] [Republic of Italy] [Slovak Republic] [Slovenia] [Spain] [Sweden] [United Kingdom] [None]]

(ii) Admission to trading: [Application [[has] [may] [also] [been][be made][is expected to be made] for the Securities to be admitted to trading on [specify details of the relevant market/trading venue in Ireland/ Austria/ Belgium/ Croatia/ Cyprus/ Czech Republic/ Denmark/ France/ Germany/ Luxembourg/ Hellenic Republic/ Hungary/ Malta/ Netherlands/ Poland/ Portuguese Republic/ Republic of Italy/ Slovak Republic/ Slovenia/ Spain/ Sweden/ United Kingdom/ as the case may be] with effect from [ ]].] (specify all the relevant markets / trading venues - if more than one - by enlisting them in different paragraphs)]

[Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*

[Only qualified investors, as defined in Article 2 (i) (e) of the Prospectus Directive, are allowed to purchase the Securities on the [•].]

### 2. [NOTIFICATION]

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

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Manager[s]/Distributors, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer. – Amend as appropriate if there are other interests. In the event that the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, include a reference to the risk factor "Potential Conflicts of Interest" at page 70]

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

(i) Reasons for the offer: [Not applicable.] [ ]

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

(ii) Estimated net proceeds: [Not applicable.] [  ]

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

(iii) Estimated total expenses: [None.] [  ]. *[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]*

*((i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

**5. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]]** *(Index Securities or Combined Securities having one or more Indices as underlying)*

[Applicable][Not applicable]

*[Need to include details of where past and future performance and volatility of the [index/basket of indices] can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Need to include the name of [the/each] index, the name of [the/each] index sponsor and details of where the information about [the/each] index can be obtained.]*

**6. PERFORMANCE OF [THE SHARE/BASKET OF SHARES/ ADRs/GDRs/BASKET OF ADRs/GDRs], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES / ADRs/GDRs/BASKET OF ADRs/GDRs]]** *(Share Securities or Combined Securities having one or more Shares as underlying)*

[Applicable][Not applicable]

*[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.] [Need to include in case of ADRs/GDRs information about the Underlying Shares]*

**7. PERFORMANCE OF THE FUTURE CONTRACT, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE FUTURE CONTRACT]** *(Futures Contract Securities or Combined Securities having one or more Futures Contracts as underlying)*

[Applicable][Not applicable]

*[Need to include details of [the/each] future contract, where past and future performance and volatility of the contract(s) can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

- 8. PERFORMANCE OF THE RATE[S] OF EXCHANGE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE RATE[S] OF EXCHANGE]** (*Exchange Rate Securities, Dual Currency Securities or Combined Securities having one or more Exchange Rates as underlying*)

[Applicable][Not applicable]

*[Need to include details of [the/each] exchange rate, where past and future performance and volatility of the rate(s) can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

- 9. PERFORMANCE OF THE INTEREST RATE[S], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE INTEREST RATE[S]]** (*Interest Rate Securities or Combined Securities having one or more Interest Rates as underlying*)

[Applicable][Not applicable]

*[Need to include details of [the/each] interest rate, where past and future performance and volatility of the rate(s) can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

- 10. PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES]]** (*Commodity Securities or Combined Securities having one or more Commodities as underlying*)

[Applicable][Not applicable]

*[Need to include details of [the/each] commodity, where pricing information about [the/each] commodity is available, the relevant weighting of each commodity within a basket of commodities and where past and future performance and volatility of [the commodity/basket of commodities] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

- 11. PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND /BASKET OF FUNDS]]** (*Fund Securities or Combined Securities having one or more Funds as underlying*)

[Applicable][Not applicable]

*[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] [fund/basket of funds] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*



**12. PERFORMANCE OF THE PROPRIETARY INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE PROPRIETARY INDEX** (*Proprietary Index Securities or Combined Securities having a Proprietary Index as underlying*)

[Applicable][Not applicable]

*[Need to include the specific webpage within the website of the Issuer, where the Proprietary Index Level is published]*

*[Need to include details of each Index Fund that may be elected as the Risky Component (i.e. the investment policy of each Index Fund, the Management Company or the entity that performs the net asset value calculations, the website where the Index Fund documentation is available and freely accessible.)]*

*[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Proprietary Index and the circumstances when the risks are most evident.]*

**13. TERMS AND CONDITIONS OF THE OFFER**

[Applicable][Not applicable](*if not applicable, delete the entire section*)

[Offer Price:]

[Issue Price][*specify*]

[Conditions to which the offer is subject:]

[Not Applicable/*give details*]

[The Offer Period, including any possible amendments, during which the offer will be open and description of the application process:]

[Not Applicable/*give details*]

[Details of the minimum and/or maximum amount of application:]

[Not Applicable/*give details*]

[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]

[Not Applicable/*give details*]

[Details of the method and time limits for paying up and delivering the Securities:]

[Not Applicable/*give details*]

[Manner in and date on which results of the offer are to be made public:]

[Not Applicable/*give details*]

[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]

[Not Applicable/*give details*]

[Whether tranche(s) have been reserved for certain countries:]

[Not Applicable/*give details*]

[Process for notification to applicants of the amount allotted and the indication whether

[Not Applicable/*give details*]

dealing may begin before notification is made:]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]

[Not Applicable/*give details*]

[Consent to use of Base Prospectus:]

[Not applicable.] [[The Issuer consents to the use of the Base Prospectus by all Financial Intermediaries (the "**Authorised Offerors**") (general consent).]

[The Issuer consents to the use of the Base Prospectus by the following Financial Intermediary[y][ies] (individual consent): [insert names] and address[es]] (the "**Authorised Offerors**").]

[Such consent is also subject to and given under condition [ ]]

[The subsequent resale or final placement of the Certificates by the Authorised Offerors can be made [as long as the Base Prospectus is valid in accordance with article 9 of the Prospectus Directive] [*include relevant period if less than 12 months*].]

#### 14. DISTRIBUTORS

- (i) Name(s) and address(es), to the extent known to the Issuer, of the Distributors in the various countries where the offer takes place: [None/*give details*]
- (ii) Name and address of the co-ordinator(s) of the global offer and of single parts of the offer: [Not applicable.] [●]
- (iii) Name and address of any paying agents and depository agents in each country (in addition to the Principal Security Agent): [Not applicable.] [●]
- (iv) Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements: [Not applicable.] [●]
- (v) Date of signing of the [underwriting] / [placement] agreement [Not applicable.] [●]

#### 15. POST-ISSUANCE INFORMATION

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]. [*specify details*]

*about information that will not be reported, if necessary]].*

**16. OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

[(ii) [Common Code]][●][*specify other security identification code, if any*]: [ ] [Not Applicable]

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

[(iv) Names and addresses of initial Security Agents: [ ]

**17. RESOLUTION**

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 15 June 2017. For the issue of any Series of Certificates under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

## **PART C - OTHER APPLICABLE TERMS**

*[Insert other relevant information and provisions in accordance with Annex XXI of Regulation 2004/809/EC, such as (i) additional provisions, not required by the relevant securities note, relating to the underlying countr(ies) where the offer(s) to the public takes place, (ii) country(ies) where admission to trading on the regulated market(s) is being sought, (iii) country(ies) into which the relevant base prospectus has been notified, (iv) series number, (v) tranche number. Delete if not required.]*

## **APPLICABLE FINAL TERMS - SUMMARY OF THE SECURITIES**

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

**[ANNEX TO THE FINAL TERMS [AND TO THE SUMMARY]**

*(Only applicable in the case of multi-products issuance)*

*[Applicable table in case of Warrants:*

Series (Item 2 of Part A [and Element C.1 of the Summary (Delete when Summary is not applicable)])	Warrants Isin Code [or other security identification code if different from ISIN Code] (Paragraph 16 of Part B [and Element C.1 of the Summary (Delete when Summary is not applicable)])	Underlying (Item 6 of Part A [and Elements C.15 and C.20 of the Summary (Delete when Summary is not applicable)])	Call/Call Spread/ Put/Put Spread (Item [28/29] of Part A [and Element C.1 of the Summary (Delete when Summary is not applicable)])	Isin Underlying (Paragraph 6 of Part B [and Element C.20 of the Summary (Delete when Summary is not applicable)])	Strike Percentage (Item 53 of Part A [and Element C.19 of the Summary (Delete when Summary is not applicable)])	[Valuation Date (Item 42 of Part A [and Element C.16 of the Summary (Delete when Summary is not applicable)])]	[Exercise Date] [Exercise Period] (Item [8/55] of Part A [and Element C.16 of the Summary (Delete when Summary is not applicable)])	[Settlement Date (Item 9 of Part A [and Element C.16 of the Summary (Delete when Summary is not applicable)])]	Notional Amount (Item 51 of Part A [and Element C.18 of the Summary (Delete when Summary is not applicable)])	Minimum Exercise Number (Item 3 of Part A [and Element C.18 of the Summary (Delete when Summary is not applicable)])	Exchange/ Sponsor of the Index (Item [23/24] of Part A and Element C.20 of the Summary (Delete when Summary is not applicable)])	[*]

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[Applicable table in case of Certificates:

Series (Item 2 of Part A [and Element C.1 of the Summary (Delete when Summary is not applicable)])	Certificates Isin Code [or other security identification code if different from ISIN Code] (Paragraph 16 of Part B [and Element C.1 of the Summary (Delete when Summary is not applicable)])	Underlying (Item 6 of Part A [and Elements C.15 and C.20 of the Summary (Delete when Summary is not applicable)])	Isin Underlying (Paragraph 6 of Part B [and Element C.20 of the Summary (Delete when Summary is not applicable)])	[Valuation Date (Item 42 of Part A [and Element C.16 of the Summary (Delete when Summary is not applicable)])]	[Settlement Date (Item 9 of Part A [and Element C.16 of the Summary (Delete when Summary is not applicable)])]	[•] Amount (specify for each period if more than one) (Item [•] of Part A [and Element C.18 of the Summary (Delete when Summary is not applicable)])	[•] Level (specify for each period if more than one) (Item [•] of Part A [and Element C.18 of the Summary (Delete when Summary is not applicable)])	[•] [Valuation] [Observation] [Determination] [Date/Period] (Item [•] of Part A [and Element C.18 of the Summary (Delete when Summary is not applicable)])	Exchange/Sponsor of the Index (Item [23/24] of Part A and Element C.20 of the Summary (Delete when Summary is not applicable))	[•]

]



## TAXATION

### 1. General

Transactions involving Securities may be subject to stamp taxes and give rise to certain other tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Paragraphs below summarise, for information purposes only, certain aspects of the tax treatment of transactions involving Securities in Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hungary, Hellenic Republic, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom, Switzerland and United States. However, such transactions may have tax consequences in other jurisdictions. Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving Securities should consult their own tax advisers.

The following general discussion does not take into account taxation which may be imposed by way of withholding or otherwise in Ireland, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Luxembourg, Hellenic Republic, Hungary, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom, Switzerland and United States or in any other jurisdiction, on income and capital gains in any form, on any of the underlying assets to which a Certificate may relate.

Condition 10 (*Expenses and Taxation*) should be considered carefully by all potential purchasers of any Securities.

### 2. Taxation in the Republic of Italy

*The following is a general discussion of current Italian law and practice relating to the taxation of the Securities.*

*The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.*

*As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.*

#### ***Italian taxation of the Securities***

Pursuant to Article 67 of the Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Securities are subject to a 26 per cent. substitute tax (*imposta sostitutiva*). The recipient may opt for one of the three regimes described below:

- (1) Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian

resident individual Securityholder, holding Securities not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Carried forward capital losses in excess of capital gains realised prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08 per cent. of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92 per cent. of their amount.

- (2) As an alternative to the tax declaration regime, Italian resident individual Securityholders holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Capital losses realised, within the same securities management, prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08 per cent. of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92 per cent. of their amount. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.
- (3) Any capital gains realised by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Any decrease in value accrued prior to 31 December 2011 may be carried forward against 48.08 per cent. of its amount, whilst the decrease in value accrued from 1 January 2012 to 30 June 2014 may be carried forward against increase in value of the managed assets accrued after 1 July 2014 only to the extent of 76.92 per cent. of its amount. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or a similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to Italian corporate tax (and, in certain circumstances, depending on the "status" of the Securityholder, also as a part of the net value of production for IRAP purposes).

Any capital gains realised by a Securityholder which is an open-ended or closed-ended investment fund (subject to the tax regime provide by Law No. 77 of 23 March 1983) (the “**Fund**”) or an open-ended investment company (*società di investimento a capitale variabile* – SICAV) or an close-ended investment company, other than a real estate investment company (*società di investimento a capital fisso* – SICAF) will not be subject to the imposta sostitutiva. The proceeds distributed by the Fund or the SICAV/SICAF or received by certain categories of unitholders upon redemption or disposal of the units will be taxed on the investors who subscribe the quotas of the Funds or the shares of the SICAV/SICAF on a distribution basis.

Any capital gains realised by a Securityholder which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. ad hoc substitute tax.

Capital gains realised by non-Italian-resident Securityholders are not subject to Italian taxation, provided that the Securities (i) are traded on regulated markets, or (ii) are held outside of Italy. Moreover, even if the Certificates are held in Italy, no *imposta sostitutiva* applies if the non-Italian resident Securityholder is resident for tax purposes in a country which recognises the Italian tax authorities' right to an adequate exchange of information or in a country which entered into a double taxation treaty with Italy allowing for the taxation of such capital gains only in the residence country of the recipient Securityholder, provided that the relevant procedures and conditions are met.

#### ***Atypical securities***

According to a certain interpretation of Italian tax law there is the possibility that, on the basis of certain features of the Securities, the Securities would be qualified for tax purposes as atypical securities and will be subject to the provisions of Article 5 of law Decree No. 512 of 30 September 1983. As a consequence, payments relating to these Securities shall be subject to a withholding tax levied at the rate of 26 per cent. (final or on account depending on the “*status*” and tax residence of the Securityholder) by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. Where the Securityholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Securities are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax.

#### ***Inheritance and gift tax***

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities, such as the Securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding € 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the heir/heirress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.500,000.

### ***Transfer tax***

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### ***Stamp duty***

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

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

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the relevant regulations issued by the Bank of Italy) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### ***Wealth Tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree No. 201 of 6 December 2011 as amended by Article 1 par. 582 of Law No. 147 of 27 December 2013, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent.. In this case the above mentioned stamp duty provided for by Article 13 of the tariff Part I attached to Decree 642 does not apply. This tax is calculated on the market value of the Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### ***Tax monitoring***

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

### ***Financial Transaction Tax***

Pursuant to Article 1, para. 491 and followings of Law No. 228 of 24 December 2012, the Italian Parliament introduced a financial transaction tax ("**FTT**") which applies to (a) the transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the just mentioned shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the "**Relevant Securities**"), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transactions on the

securities (as set forth by article 1, paragraph 1-bis, letters c) and d), of the Legislative Decree No. 58 of 24 February 1998), (iii) which allow to mainly purchase or sell one or more Relevant Securities or (iv) implying a cash payment determined with main reference to one or more Relevant Securities.

Warrants and certificates are expressly included in the scope of application of the FTT if they meet the requirements set out above.

With specific reference to the transactions on securitised derivatives on the Relevant Securities (such as the Securities) the FTT is due, as of 1 September 2013, regardless of the tax residence of the parties and/or where the transaction is executed.

The FTT is levied at a fixed amount that varies depending on the nature of the relevant instrument and the notional value of the transaction, and ranges between EUR 0.01875 and EUR 200 per transaction.

The amount of FTT payable is reduced to 1/5 of the standard rate in case the transaction is performed on regulated markets or multilateral trading facilities of certain EU Member States and of the SEE.

The FTT on derivatives is due by each of the parties to the transactions. The FTT is not applied where one of the parties to the transaction is the European Union, the BCE, central banks of the EU Member States, foreign Central Banks or entities which manage the official reserves of a foreign State, or international bodies or entities set up in accordance with international agreements which have entered into force in Italy. Further specific exemptions exist, inter alia, for (i) subjects who carry on market making activities; (ii) mandatory social security entities and pension funds set up according to Legislative Decree No. 252 of 5 December 2005; and (iii) intragroup transfers of the Relevant Securities.

The FTT shall be levied, and subsequently paid, to the Italian Revenue by the subject (generally a financial intermediary) that is involved, in any way, in the performance of the transaction. If more than one subject is involved in the execution of the transaction, the FTT is payable by the subject who receives the order of execution by the ultimate purchaser or counterparty. Intermediaries that are not resident in Italy but are liable to collect the FTT from the taxpayers and to pay it to the Italian Revenue can appoint an Italian tax representative for the purposes of the FTT. If no intermediary is involved in the performance of the transaction, the FTT must be paid directly by the taxpayers.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 24.

### **3. Taxation in France**

*The following is a general discussion of certain French taxation matters and is (i) based on the laws and practice in force as of the date of this Base Prospectus and subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect and (ii) prepared on the assumption that the Issuer is not a French resident for French tax purposes and is not acting from a French branch or permanent establishment in connection with the Securities. Investors should be aware that the statements below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors should consult their professional advisers so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Securities.*

#### ***Withholding tax***

All payments by the Issuer in respect of the Securities will be made free of any compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

#### ***EU Savings Directive***

The EU Savings Directive has been implemented into French law under article 242 *ter* of the French *Code général des impôts* and articles 49 I *ter* to 49 I *sexies* of Schedule III to the French *Code général des impôts*. These provisions impose on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State (or in certain territories), including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest (within the meaning of the EU Savings Directive) paid to that beneficial owner.

### ***Transfer tax and other taxes***

The following rules are applicable to the disposal of French shares:

- The disposal for consideration of French shares is, in principle, subject to a 0.1 per cent. transfer tax (the **Transfer Tax**), provided in the case of shares listed on a recognised stock exchange that the transfer is evidenced by a deed or agreement.
- A financial transaction tax in France (the French **Financial Transaction Tax**) is imposed on certain acquisitions of French shares (or certain assimilated securities) which are listed on a recognized stock exchange where the relevant issuer's stock market capitalisation exceeds €1 billion (on 1 December of the previous calendar year). Since 1 January 2017, the French Financial Transaction Tax rate is 0.3 per cent. of the acquisition price of the transaction.
- If the French Financial Transaction Tax applies to a transaction, an exemption in respect of the Transfer Tax would be applicable.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

### ***French tax implications for the French resident Warrantheolders or holders of Certificates (not constituting debt instruments for French tax purposes)***

- (i) With respect to French individual tax residents

- (1) Net profit realised out of France in respect of Warrants or applicable Certificates

Subject to the application of the relevant double tax treaty, net profit realised out of France in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20140211 dated 11 February 2014, or other debt instruments issued under French or foreign law and considered by the French tax authorities as falling into similar categories) by a French individual tax resident Warrantheolder or Certificateholder, as the case may be, (assuming that such payments would not be attributable to an enterprise carried on by the French income tax resident subject to French individual income tax) would be deemed as income from movable capital and subject to the progressive rates of French individual income tax (with a maximum tax rate amounting to 45 per cent. excluding any exceptional contribution to income tax that may be assessed in respect of individuals with taxable income over €250,000).

In addition, such net profit would also be subject to social charges amounting to 15.5 per cent.

- (2) Net profit realised in France in respect of Warrants or applicable Certificates

Net profit realised in France in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20140211 dated 11 February 2014 or other debt instruments issued under French or foreign law and considered by the French tax authorities as falling into similar categories) by a French individual tax resident Warrantheolder or Certificateholder, as the case may be, (assuming that such payments would

not be attributable to an enterprise carried on by the French income tax resident subject to French individual income tax), would be deemed as non-commercial profit and subject to the progressive rates of French individual income tax (with a maximum tax rate amounting to 45 per cent. excluding any exceptional contribution to income tax that may be assessed in respect of individuals with taxable income over €250,000) if the French individual tax resident Warrantholder or Certificateholder, as applicable, invests on a regular basis or on an occasional basis.

In addition, such net profit would also be subject to social charges amounting to 15.5 per cent.

(ii) With respect to French corporate tax residents

Net profit realised in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20140211 dated 11 February 2014 or other debt instruments issued under French or foreign law and considered by the French tax authorities as falling into similar categories) by a French corporate tax resident Warrantholder or Certificateholder, as applicable, would be subject to (i) French corporate income tax at the normal rate of 33.1/3 per cent. and (ii) a social surcharge levied at 3.3 per cent. of the French corporate income tax rate on any corporation tax exceeding €763,000.

#### 4. Taxation in Germany

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This general discussion is based on the tax laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.*

*Prospective purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Securities, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.*

##### **Tax Residents**

The section “Tax Residents” refers to persons who are tax residents of Germany (*i.e.* persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany and are thus subject to taxation in Germany).

##### *Withholding tax on current income and capital gains*

Capital gains (*i.e.* the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by an individual holder of Securities will be subject to German withholding tax if the Securities are kept in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*), provided the Securities have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. In such case, German withholding tax will be levied by the Disbursing Agent on account of the holder of Securities. A secondary liability of the holder of the Securities might arise under certain circumstances. The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon,

the total withholding being 26.375 per cent.). If the individual holder of Securities is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to ongoing payments on the Securities.

Where Securities are issued in a currency other than Euro any currency gains or losses are part of the capital gains.

If interest coupons or interest claims are disposed of separately (*i.e.* without the Securities), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or interest claims if the Securities have been disposed of separately.

If Securities qualifying as a forward/futures transaction (*Termingeschäft*) according to sec. 20 para. 2 sent. 1 no. 3 German Income Tax Act (**ITA**, *Einkommensteuergesetz*) are settled by a cash payment, capital gains realised upon exercise (*i.e.* the cash amount received minus directly related costs and expenses, *e.g.* the acquisition costs) are subject to withholding tax. In the event of physical delivery, the acquisition costs of such Securities plus any additional sum paid upon exercise are generally regarded as acquisition costs of the underlying assets received upon physical settlement, so that no capital gains is realized upon physical delivery of the underlying assets. Withholding tax may then apply to any gain resulting from the subsequent disposal, redemption, repayment or assignment of the assets received. In case of certain assets being the underlying (*e.g.* commodities or currencies) a subsequent sale of the underlying received may not be subject to German withholding tax as outlined in this section but any disposal gain may be fully taxable at the personal income tax rate of the individual holder.

In case of a physical settlement of certain Securities (not qualifying as forward/futures transactions) which grant the Issuer or the holder of the Securities the right to opt for a physical delivery of a predetermined number of underlying securities assets instead of a (re)payment of the nominal amount, the acquisition costs of the Securities may be regarded as proceeds from the disposal, redemption, repayment or assignment of the Securities and hence as acquisition costs of the underlying securities received by the individual holder of the Securities upon physical settlement. To the extent the provision mentioned above is applicable, generally no withholding tax has to be withheld by the Disbursing Agent upon physical settlement as such exchange of the Securities into the underlying securities assets does not result in a taxable gain for the individual holder of the Securities. However, withholding tax may then apply to any gain resulting from the disposal, redemption, repayment or assignment of the securities assets received in exchange for the Securities. In this case, the gain will be the difference between the proceeds from the disposal, redemption, repayment or assignment of the securities assets received and the acquisition costs of the Securities (after deduction of expenses related directly to the disposal, if any).

To the extent the Securities have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Securities have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge) on 30 per cent. of the disposal proceeds (plus interest accrued on the Securities (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Securities by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the EU Savings Directive (*e.g.* Switzerland or Andorra).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual holder of Securities via the Disbursing Agent (*e.g.* losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder of Securities in the custodial account with the Disbursing Agent.



Individual holder of Securities may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly) for all investment income received in a given year. Upon the individual holder of Securities filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the holder of Securities has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Securities held by a corporation as holder of Securities while ongoing payments such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Securities form part of a trade or business or are related to income from letting and leasing of property, subject to further requirements being met.

#### *Taxation of current income and capital gains*

The personal income tax liability of an individual holder of Securities deriving income from capital investments under the Securities is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Securities kept in custody abroad or if no Disbursing Agent is involved in the payment process of if the withholding tax on disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), the individual holder of Securities must report his or her income and capital gains derived from the Securities on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon and church tax, where applicable). Further, an individual holder of Securities may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over-withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Losses incurred with respect to Securities can only be off-set against investment income of the individual holder of Securities realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Securities can only be off-set against capital gains deriving from the disposal of shares. Losses from Securities qualifying as forward/futures transactions that expire worthless shall – according to the administrative directive of the German tax authorities – be non-deductible for individual holders.

Where Securities form part of a trade or business or the income from the Securities qualifies as income from the letting and leasing of property the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Securities form part of a trade or business, in addition to realized capital gains interest (accrued on the Securities) must be taken into account as income. The respective holder of Securities will have to report income and related (business) expenses on the tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the holder of Securities. Where Securities form part of a German trade or business the gains from the disposal, redemption, repayment or assignment of the Securities may also be subject to German trade tax.

If Securities form part of a trade or business, the deductibility of losses derived from the exercise, disposal or expiration of Securities which qualify for tax purposes as forward/futures transactions is generally limited. These losses may only be applied against profits from other forward/futures transactions derived in the same or, subject to certain restrictions, the previous year. Otherwise these losses may be carried forward indefinitely and applied against profits from forward/futures transactions in subsequent years. These rules generally do not apply to futures transactions hedging the investor's ordinary business. Further special rules apply to credit institutions, financial service companies and finance companies within the meaning of the German Banking Act.

In the case of physically settled Securities further limitations may apply to losses from the disposal of underlying securities assets which are shares in corporations.

## **Non-residents**

Capital gains derived from the Securities are not subject to German taxation, unless (i) the Securities form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of Securities; or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Securities are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Securities are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Security or an interest coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Securities or interest coupons, withholding tax generally will also apply. In each case, German withholding tax will be levied by the Disbursing Agent on account of the holder of Securities. A secondary liability of the holder of the Securities might arise under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

## **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Securities will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Security is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

## **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Germany.

## **EU Savings Directive**

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the EU Savings Directive into German law. These provisions apply from 1 July 2005.

For further information about the EU Savings Directive please refer to page 366.

## **No gross-up for taxes withheld**

Purchasers of the Securities should note that neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Securities, nor make any additional payments in regard of these taxes, *i.e.* no gross-up will apply if a withholding tax is imposed.

## **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

## **5. Luxembourg Taxation**

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

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

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

#### *Withholding tax*

##### *Non-Resident holders of Securities*

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

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Directive 2003/48/EC (**Savings Directive**) as from 1 January 2015. Payments of interest by Luxembourg paying agents to non-resident individuals and to certain so-called residual entities are thus no longer subject to any Luxembourg withholding tax. Moreover, on 10 November 2015, the Council of the European Union adopted Council Directive 2015/2060, repealing the Savings Directive with effect from 1 January 2016. The repeal of the Savings Directive is aimed at preventing overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The above mentioned Council Directive 2015/2060 was implemented under Luxembourg national legislation by the law of 23 July 2016.

##### *Resident holders of Securities*

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

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

## **6. Portuguese Taxation**

The following is a general discussion of the current Portuguese tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments in respect of the Securities. The statements do not deal with other Portuguese tax aspects regarding the Securities and relate only to the

position of persons who are absolute beneficial owners of the Securities. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Securityholders who are in any doubt as to their tax position should consult their own professional advisers.

### **Security holders income tax**

As a rule, the income arising from the Securities is qualified as capital gains for Portuguese tax purposes. However, regarding the Securities qualified as Certificates, the positive difference, if any, between the minimum amount guaranteed and the subscription price of the certificates is qualified as investment income subject to Income Tax in Portugal.

Whenever there is the obligation to withhold tax at source, such responsibility shall fall on the Portuguese resident paying agent.

### **Personal Income Tax (“PIT”)**

#### **(i) Investment income**

The positive difference, if any, between the minimum amount guaranteed and the subscription price of the Certificates is qualified as investment income subject to Personal Income Tax in Portugal.

As regards to investment income on the Certificates made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 28 per cent. if there is a Portuguese resident paying agent as from the moment the correspondent amounts are made available to the individual resident in Portugal for tax purposes, unless the individuals elect to include the income in their taxable income, subject to tax at the current progressive personal income tax rates of up to 48 per cent. An additional personal income tax rate of 2.5 per cent. will be due on the part of the taxable income exceeding €80,000 up to €250,000 and of 5 per cent on the part of the taxable income exceeding €250,000. A temporary state surcharge ("*sobretaxa extraordinária*") of up to 3.21 per cent may be due (this temporary surcharge ceases to be in force in 2018). In this case, the tax withheld is deemed to be a payment on account of the final tax due. Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Investment income payments due by non resident entities to Portuguese tax resident individuals will be included in their taxable income, subject to tax at the current progressive rates of up to 48 per cent whenever those payments are not subject to Portuguese withholding tax. An additional personal income tax rate of 2.5 per cent. will be due on the part of the taxable income exceeding € 80,000 up to €250,000 and of 5 per cent on the part of the taxable income exceeding €250,000. A temporary state surcharge ("*sobretaxa extraordinária*") of up to 3.5 per cent may be due.

#### **(ii) Capital gains**

The annual positive balance arising from the difference between capital gains and capital losses resulting from transactions in connection with the Securities will be taxed at the special tax rate of 28 per cent., unless the individuals resident in Portugal elect to include the income in their taxable income in which case progressive rates of up to 48 per cent will apply and (i) an additional personal income tax rate of 2.5 per cent. will be due on the part of the taxable income exceeding € 80,000 up to €250,000 and of 5 per cent on the part of the taxable income exceeding €250,000 and (ii) a temporary state surcharge - "*sobretaxa extraordinária*" - of up to 3.21 per cent may be due.

There is no Portuguese withholding tax on capital gains.

## **Corporate Income Tax (CIT)**

### **Investment income and capital gains**

Investment income arising from Certificates, if any, and capital gains obtained by Portuguese corporate resident entities in relation to the Securities will be included in their taxable income and subject to a corporate income tax rate of 21 per cent., plus a municipal surcharge (*derrama municipal*) of up to 1.5 per cent., over the Securityholders taxable profits. A state surcharge ("*derrama estadual*") rate of 3 per cent. will be due on the part of the taxable profits between €1,500,000 and €7,500,000, of 5 per cent. on the part of the taxable profits between €7,500,000 and €35,000,000 and of 7 per cent on the part of the taxable profits exceeding €35,000,000.

### **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

## **7. Spanish Taxation**

*The following discussion is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Spain, though it is not intended to be, nor should it be construed to be, legal or tax advice. This section does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in the Securities or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Securities and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, regional or local law in Spain, to which they may be subject.*

### **Individuals with Tax Residence in Spain**

#### **Certificates**

##### *Personal Income Tax*

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore any income that Spanish holders of the Certificates may receive under the Certificates will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties), regardless of whether is in kind or in cash.

Both types of income will be included in the savings part of the taxable income subject to Personal Income Tax and will be taxed at the following tax rates: (i) for financial income up to €6,000: 19 per cent.; (ii) for financial income from €6,000.01 to €50,000: 21 per cent.; (iii) for any amount in excess of €50,000: 23 per cent..

Spanish holders of the Certificates shall compute the gross interest obtained in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

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

Likewise, expenses relating to the management and deposit of the Certificates, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Certificates cannot be offset if the investor acquires homogeneous Certificates within the two-month period prior or subsequent to the transfer of the Certificates, until he/she transfers such homogeneous Certificates.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Certificates, if any.

#### *Wealth Tax*

Individuals with tax residence in Spain are subject to the Spanish Wealth Tax on all their assets (such as the Certificates) in tax year 2017. The potential Wealth Tax liability should be analysed in connection with local regulations of each Spanish Region, provided some of them foresee full exemption of Wealth Tax. Wealth Tax is levied on the net worth of an individual's assets and rights. The marginal rates range between 0.2 per cent. and 3.75 per cent. and some reductions could apply. Individual with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Certificates which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

As regards the application of Spanish Wealth Tax in tax year 2018 and onwards, prospective investors should consult their tax advisors.

#### *Inheritance and Gift Tax*

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

### **Warrants**

#### *Personal Income Tax*

The premium or amount paid for the subscription of the Warrants would not be considered as a deductible expense, but as the acquisition value, which would include the expenses and commissions, inherent to the acquisition, paid by the acquirer.

Income obtained by the holders of the Warrants covered by this Prospectus on their transfer before the expiration date, will be considered as capital gains or losses in accordance with the provisions of the Spanish Personal Income Tax Law. The gain or loss shall be calculated as a difference between the transfer value, once any expenses and commissions paid by the taxpayer have been deducted, and the acquisition value, as defined above.

Upon the exercise of the Warrants, income obtained would be considered as a capital gain or loss, which will be calculated as the difference between (i) the Settlement Price or the value of the Physical

Delivery Securities, once any expenses and commissions paid by the taxpayer have been deducted, and (ii) the acquisition value, as defined above.

Failure to exercise any Warrants on the expiration date would give rise to a capital loss on the acquisition value.

Income derived from the transfer or exercise of the Warrants will be included in the savings part of the taxable income generally subject to Personal Income Tax at the following tax rates: (i) for financial income up to €6,000: 19 per cent.; (ii) for financial income from €6,000.01 to €50,000: 21 per cent.; and (iii) for any amount in excess of €50,000: 23 per cent..

#### *Wealth Tax*

Individuals with tax residence in Spain are subject to the Spanish Wealth Tax on all their assets (such as the Warrants) in tax year 2017. The potential Wealth Tax liability should be analysed in connection with local regulations of each Spanish Region, provided some of them foresee full exemption of Wealth Tax. Wealth Tax is levied on the net worth of an individual's assets and rights. The marginal rates range between 0.2 per cent. and 3.75 per cent. and some reductions could apply. Individual with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Warrants which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

As regards the application of Spanish Wealth Tax in tax year 2018 and onwards, prospective investors should consult their tax advisors.

#### *Inheritance and Gift Tax*

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

### **Legal Entities with Tax Residence in Spain**

#### **Certificates**

##### *Corporate Income Tax*

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for limited liability companies is 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions or credit entities).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Securities, if any.

#### **Warrants**

As a general rule, income obtained either through the transfer or the exercise of the Warrants and obtained by taxpayers subject to Corporate Income Tax will be included in their taxable income under the general provisions described for Certificates.

## **Individuals and legal entities with no Tax Residence in Spain**

### **Certificates**

A non-resident holder of Certificates, who has a permanent establishment in Spain to which such Certificates are effectively connected with, is subject to Spanish Non-Residents' Income Tax on any income under the Certificates, including both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Corporate Income taxpayers (explained above).

### **Warrants**

As a general rule, income obtained by a permanent establishment located in Spain of a non-resident would be subject to taxation in a similar way than that applicable to Spanish tax resident corporate income taxpayers.

### **Spanish withholding tax**

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Certificates or intervenes as manager in the collection of any income under the Certificates, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Certificates (income from Warrants will always be not subject to withholding tax in Spain). Currently, the withholding tax rate in Spain is 19 per cent..

Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish tax resident individuals, or against final Spanish Corporate Income Tax liability, in the case of Spanish corporate, or against final Non-Residents' Income Tax, in the case of a Spanish permanent establishment of a non-resident holder of the Certificates. However, holders of the Certificates who are Corporate Income Taxpayers or Non-Residents' Income Taxpayers acting through a permanent establishment in Spain to which the Certificates are effectively connected with can benefit from a withholding tax exemption when the Certificates are listed in an OECD official stock exchange. This will be the case as the Certificates are expected to trade on the Irish Stock Exchange's Regulated Market.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax (Royal Decree 439/2007, of 30 March) and Corporate Income Tax (Royal Decree 364/2015, of 10 July) when intervening in the transfer or reimbursement of the Certificates.

### **Indirect taxation**

The acquisition, transfer, redemption, reimbursement and exchange of the Securities will be subject to and exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

The exemption applicable for Value Added Tax purposes would not cover deposit and management services related to the Securities.

### **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 25.



## 8. **Taxation in the United Kingdom**

*The following applies only to persons who are the beneficial owners of Securities and is a general discussion of the Issuer's understanding of certain aspects of current law and published HM Revenue and Customs practice in the United Kingdom relating to the withholding tax treatment of payments, stamp duty and stamp duty reserve tax in each case, in respect of the Securities, only. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Securities. This discussion is not intended to be, nor should it be regarded as, legal or tax advice. The United Kingdom tax treatment of prospective Securityholders will depend on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Securityholder will also depend on the terms of the Securities, as specified in the Terms and Conditions of the Securities as amended and supplemented by the applicable Final Terms under the law and practice at the relevant time. Prospective Securityholders should consult their own tax advisers in all relevant jurisdictions to obtain advice about their particular tax treatment in relation to such Securities.*

The below assumes that the Securities will be issued and raised by Banca IMI S.p.A. (as Issuer) and not by, or on behalf of, any United Kingdom company. It also assumes that no Securities will be registered in a register kept in the United Kingdom by or on behalf of Banca IMI S.p.A.

### ***Withholding Tax***

Payments under or on the exercise of a Security may be made without withholding on account of United Kingdom income tax where such payments are: (i) not regarded as arising in the United Kingdom for United Kingdom tax purposes or (ii) not treated as payments of interest or annual payments for United Kingdom tax purposes.

If withholding on account of United Kingdom income tax is required, the Issuer (and, in the case of certain payments, any other person by or through whom the payment is made) is required by law to deduct a sum representing income tax from such payment at the basic rate in force for the tax year in which the payment is made (currently 20%).

### ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

#### *Issue of Certificates (other than Physical Delivery Certificates) into Euroclear or Clearstream*

No United Kingdom stamp duty or United Kingdom SDRT should be required to be paid on the issue into Euroclear or Clearstream of Certificates (other than Physical Delivery Certificates).

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

#### *Transfer of Certificates (other than Physical Delivery Certificates) within Euroclear or Clearstream*

No United Kingdom stamp duty should be required to be paid on the transfer of any Certificates (other than Physical Delivery Certificates) within Euroclear or Clearstream provided no instrument is used to effect the transfer.

No United Kingdom SDRT should be payable on the transfer of any Certificates (other than Physical Delivery Certificates) within Euroclear or Clearstream provided that no election has been made for the alternative system of charge (as provided for in section 97A of the Finance Act 1986) to apply to the Securities.

### *Exercise of Certificates*

No United Kingdom stamp duty or United Kingdom SDRT should be payable on the exercise of Cash Settled Certificates. However, United Kingdom stamp duty may be required to be paid in relation to the transfer of an asset on exercise and settlement of a Physical Delivery Certificate.

United Kingdom stamp duty and United Kingdom SDRT may be payable in respect of the agreement to transfer an asset on settlement of a Physical Delivery Certificate. However, any such liability to United Kingdom SDRT should be cancelled (or if already paid, should be repayable) if the instrument effecting the transfer is chargeable with stamp duty and has been duly stamped within six years of the agreement being made.

### *Issue of Warrants or Physical Delivery Certificates into Euroclear or Clearstream*

Warrants and Physical Delivery Certificates or any instrument granting such (each an "instrument") may be subject to United Kingdom stamp duty (at a rate of 0.5%) if they are executed in the United Kingdom or if they relate to any property situate, or to any matter or thing done or to be done, in the United Kingdom.

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, if an instrument is subject to United Kingdom stamp duty, but the stamp duty has not been paid, the instrument cannot be used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court.

If an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

In certain limited circumstances, United Kingdom SDRT may be payable on the issue into Euroclear or Clearstream of a Warrant or a Physical Delivery Certificate (currently at a rate of 1.5%).

### *Transfer within Euroclear or Clearstream of Warrants or Physical Delivery Certificates*

No United Kingdom stamp duty should be required to be paid on the transfer of any Warrants or Physical Delivery Certificates within Euroclear or Clearstream provided no instrument is used to complete the transfer.

No United Kingdom SDRT should be payable on the transfer of any Warrants or Physical Delivery Certificates within Euroclear or Clearstream provided that no election has been made for the alternative system of charge (as provided for in section 97A of the Finance Act 1986) to apply to the Securities.

### *Exercise of Warrants*

No United Kingdom stamp duty or United Kingdom SDRT should be payable on the exercise of Cash Settled Warrants. However, United Kingdom stamp duty may be required to be paid in relation to the transfer of an asset on exercise of a Physical Delivery Warrant.

United Kingdom stamp duty and United Kingdom SDRT may be payable in respect of the agreement to transfer an asset on settlement of a Physical Delivery Warrant. However, any such liability to United Kingdom SDRT should be cancelled (or if already paid, should be repayable) if the instrument effecting the transfer is chargeable with stamp duty and has been duly stamped within six years of the agreement being made.

## Reporting of information

Securityholders may wish to note that, in certain circumstances, HM Revenue and Customs has power to obtain information about: payments derived from securities (including amounts (whether income or capital) payable out of or in respect of securities or rights attaching to securities); about securities transactions (which includes an issue of securities), about public issues or placings and about payments of interest (including (among other things) amounts payable on the redemption of a deeply discounted security).

The persons from whom HM Revenue and Customs can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities or would be so entitled to do so if a payment were made; a person who makes such a payment (received from, or paid on behalf of another person); the Securityholder; a person who effects or is party to securities transactions wholly or partly on behalf of others (whether as agent or principal); registrars or administrators in respect of securities transactions; a person who makes a payment derived from securities to anyone other than the holder (including the registered or inscribed holder) of securities; a person who makes a payment derived from bearer securities; a member of a recognised stock exchange or EEA regulated market or a qualified dealer; and any person by whom (or through whom) interest is paid or credited.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); the amount of any payment received from or paid on behalf of another person (and the name and address of that other person); information and documents relating to securities transactions; in relation to public issues and placings, information relating to the issue, allotment or placing of the public issues or placings and, in relation to interest paid or credited on money received or retained in the United Kingdom, information on the identity of the security under which interest is paid, the sums on which interest is payable, the amount and currency of payment (if other than sterling) and the number of recipients of the interest (if there are two or more recipients).

In certain circumstances the information which HM Revenue and Customs has obtained using these powers may be exchanged with tax authorities in other jurisdictions (including the jurisdiction in which the Securityholder is resident for tax purposes).

## 9. Taxation in The Netherlands

*The following is an overview of certain Netherlands tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant for a decision to acquire, hold or dispose of Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular holder. This overview is based on the tax laws of The Netherlands currently in force (unpublished case law not included) and as it stands on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. Any such change may invalidate the contents of this overview, which will not be updated to reflect such change. This overview assumes that the terms and conditions of each transaction with respect to Securities are at arm's length.*

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

Prospective holders of Securities are advised to consult their own tax advisers as to the tax consequences of the acquisition, ownership and disposition of Securities in their particular circumstances, including the effect of any taxation under the laws of The Netherlands.

### *Out of scope*

This overview does not address the Netherlands tax consequences for:

- (a) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or, in the case of Physical

Delivery Share Securities, any other entity and holders of Securities of whom a certain related person holds a substantial interest in the Issuer or in the case of Physical Delivery Share Securities any other entity. A substantial interest is generally present if a holder holds, alone or together with his spouse or partner, whether directly or indirectly, the ownership of, or certain other rights (including rights to obtain shares, whether or not already issued) over, (a) shares representing 5% or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company, (b) profit sharing certificates, or membership rights in a cooperative or a cooperative association, entitling the holder to 5% or more of the profits or of the liquidation distributions of a company, a cooperative or a cooperative association, or (c) membership rights representing 5% or more of the voting rights in the general meeting of a cooperative or a cooperative association;

- (b) investment institutions (*fiscale beleggingsinstellingen*);
- (c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;
- (d) corporate holders of Securities qualifying for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding can, *inter alia*, only qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital; and
- (e) holders of Securities that fall under the scope of The Foreign Account Tax Compliance Act (*FATCA*).

#### ***Holder of Securities***

Where in this section "*Taxation in The Netherlands*" reference is made to a "holder of Securities", such reference will include, without limitation:

- an owner of one or more Securities who, in addition to the title to such Securities, has an economic interest in such Securities,
- a person or an entity that holds the entire economic interest in one or more Securities,
- a person or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Netherlands tax purposes, the assets of which comprise one or more Securities, and
- a person who is deemed to hold an interest in Securities, as referred to under any of the above, pursuant to the attribution rules of article 2.14a, of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for example, in a trust or a foundation.

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

**Tax Residents.** Generally, all income derived from the Securities by its holder who is a resident or deemed to be a resident of The Netherlands and that is subject to Netherlands corporate income tax (*vennootschapsbelasting*) will be included in the holder's taxable profit, subject to Netherlands corporate income tax at a rate of 25%; a step up rate of 20% applies to the first €200,000 of taxable profits. Capital gains and losses arising on the disposal and redemption of the Securities will be included in the holder's taxable profit, subject to the same rates.

If the holder of the Securities is an individual, resident or deemed to be a resident of The Netherlands for the purposes of Netherlands income tax (*inkomstenbelasting*), the actual income derived from the Securities and the actual gains realised upon the disposal and redemption of the Securities will be subject to such individual income tax at the progressive income tax rates, the maximum being 52%, if:

- the holder of Securities has an enterprise or an interest in an enterprise, to which enterprise or part of such enterprise, as the case may be, the Securities are attributable,
- the income derived from and the capital gains realised upon the disposal and redemption of the Securities are regarded as 'taxable income from one or more activities not being activities that generate taxable profit or taxable wages' (*Belastbaar resultaat uit overige werkzaamheden*) within the meaning of articles 3.90, 3.91, 3.92 and 3.92b of the Netherlands Income Tax Act 2001, or
- in case the Securities can be qualified as loan receivables, the holder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, certain other of such persons' relatives (including foster children), (i) has indirectly the disposition of the proceeds of the Securities, or (ii) has a substantial interest in an entity that legally or de facto, directly or indirectly, has the disposition of proceeds of the Securities.

An individual holder who is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands income tax and who is not liable to tax under the preceding paragraphs, will not be liable to income tax on the actual income and the actual gains realised on the Securities. Instead, such holder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*Sparen en beleggen*) within the meaning of article 5.1 of the Income Tax Act 2001. This deemed income amounts to 1.63% for the first "yield basis" (*Rendementsgrondslag*) and 5.39% for the second "yield basis" at the beginning of the calendar year, divided into three brackets, insofar as the individual's "yield basis" exceeds a certain exempt amount. The Securities will be included in the holder's "yield basis".

**Non-Residents.** A holder who is not a resident of The Netherlands, nor deemed to be a resident, is not taxable on income derived from the Securities and capital gains realised upon the disposal or redemption of the Securities, provided that:

- such holder does not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment, or a deemed permanent establishment or a permanent representative in The Netherlands to which enterprise or part of an enterprise, as the case may be, the Securities are attributable,
- the Securities are not attributable to the assets of an enterprise that is effectively managed in The Netherlands, with respect to which enterprise, such holder is entitled to a share in its profits, other than by way of securities or if such holder is an individual, pursuant to the terms of an employment contract,

and in addition for individuals only:

- such holder does not derive income and/or realise capital gains on the Securities that are regarded as 'taxable income from one or more activities performed in The Netherlands not being activities that generate taxable profit or taxable wages' (*Belastbaar resultaat uit overige werkzaamheden in Nederland*) within the meaning of articles 3.90, 3.91, 3.92 and 3.92b of the Income Tax Act 2001, and

- in case the Securities can be qualified as loan receivables, the holder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, certain other of such persons' relatives (including foster children), (a) does not have indirectly disposition of the proceeds of the Securities, nor (b) has a substantial interest in an entity that legally or de facto, directly or indirectly, has the disposition of proceeds of the Securities nor (c) if either (a) or (b) is not met, such disposition cannot be considered to take place in The Netherlands.

**Gift, Estate and Inheritance Taxes.** No Dutch gift or inheritance taxes will arise on the transfer of Securities by way of gift by, or on the death of, a holder of Securities who is neither resident nor deemed to be resident in The Netherlands, unless:

- in case of a gift of the Securities under a suspensive condition by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual is resident or deemed to be resident in The Netherlands at the date of (i) the fulfilment of the condition or (ii) his/her death and the condition of the gift is fulfilled after the date of his/her death;
- in case of a gift of Securities by an individual who at the date of the gift or, in case of a gift under a suspensive condition, at the date of the fulfilment of the condition was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift or the fulfilment of the condition, while being resident or deemed to be resident in The Netherlands.

For purposes of Dutch gift and inheritance taxes, among others, a person that holds Dutch nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 10 years preceding the date of the gift or his/her death. Additionally, for purposes of Dutch gift tax, among others, a person not holding Dutch nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency.

**Value Added Tax.** There is no Netherlands value added tax payable by a holder of a Security on payments in consideration for the issue of the Securities or on the cash payment made under the Securities, or in respect of the transfer of the Securities.

**Other Taxes and Duties.** No capital duty, registration tax, transfer tax, customs duty, stamp duty or other similar duties or documentary taxes will be payable in The Netherlands on the creation, subscription, offering, issue allotment or delivery of the Securities, unless the Securities represent an interest in real estate, or certain rights over such real estate, situated in the Netherlands.

## 10. Taxation in Belgium

*Prospective Holders of securities are advised to consult their own advisors as to the tax consequences of the purchase, ownership and disposal of securities, including the effect of any taxes under Belgian law. The present overview is only general information, which is not intended to deal with specific aspects of an investment in Certificates. Potential investors are recommended to consult their tax advisor on basis of their own particular situation.*

### Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a paying agent within its jurisdiction to an individual or a residual entity resident in that other Member State. On 10 November 2015, the Council of the European Union approved Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements

to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

### ***Belgian income taxes regarding Securities***

The following overview describes the principal Belgian tax considerations with respect to the holding of Securities obtained by an investor in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Certificates. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

#### **Belgian resident individual private investor**

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

If interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any foreign withholding tax) has to be declared in the Belgian investor's personal income tax return and will be taxed at a rate of 30%.

If the interest payment is made through a Belgian paying agent (e.g. a bank), the intermediary will have to apply Belgian withholding tax at the rate of 30%. This taxation may be final and the Belgian individual need not report the interest in his personal income tax return.

If the Certificates are repurchased (whether or not on the maturity date) by the Issuer, the redemption bonus will in principle be taxable as interest at 30%.

Capital gains realized on the sale of the Certificates are in principle tax exempt. A pro rata interest component may be taxable for certain types of Securities. The capital gains will however incur taxation at 33% if they are realized in a way which exceeds "the normal management of one's private estate" or if the Certificates are held by the investor as assets of his professional activity (taxation at the marginal rate).

#### **Tax treatment in the hands of Belgian corporations**

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

Interest derived by Belgian corporate investors on the Certificates and capital gains on the Certificates will in principle be subject to Belgian corporate income tax of 33.99%.

As a general rule, Belgian withholding tax is due by the Belgian paying agent (if any), e.g. a Belgian bank which acts as an intermediary during the pay-out of the interest. Certain exemptions may apply. When Belgian withholding tax is levied, such withholding tax is creditable against the corporate income tax due and reimbursable provided that the legal requirements for creditability are met, subject to the conditions provided in article 280 of the Belgian Income Tax Code. The beneficiary of the

interest is only entitled to tax credit the Belgian withholding tax to the extent that he has been holding the Certificates in full ownership within the timeframe of the accrual of the interest.

#### Other legal entities

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

Payments of interest on the Certificates made through a paying agent in Belgium will in principle be subject to a 30% withholding tax in Belgium and no further tax on legal entities will be due on the interest. If Belgian withholding tax has been withheld, the interest will not be taxed further. If the interest payment is collected abroad without Belgian withholding tax, the investor is required to declare this income and to pay the withholding tax on their own initiative.

Capital gains realized on the sale of the Certificates are in principle tax exempt, unless the Certificates are repurchased by the Issuer (in which case the capital gain is taxable as interest) and except for the *pro rata* of accrued interest in the case of fixed income securities.

#### Special tax regimes

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

#### Non-resident investors

Investors who are non-residents of Belgium for Belgian tax purposes and are not holding the Certificates through a Belgian establishment and do not invest the Certificates in the course of their Belgian professional activity will in principle not incur or become liable for any Belgian tax on income or capital gains (save as the case may be, in the form of a 30% withholding tax, subject to such relief as may be available under applicable domestic and tax treaty provisions).

Where the withholding tax is due, it is due by a Belgian paying agent (e.g. Belgian bank) provided it acts as an intermediary during the pay-out of the interest. Certain exemptions may however apply. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax should be due.

The non-resident companies or professionals who use the debt instruments to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies or Belgian professionals.

#### ***Tax on Stock Exchange Transactions***

No Belgian Tax on Stock Exchange Transactions should be due upon the issue of Certificates.

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

The tax will be due on each sale and acquisition separately at the rate of 0.09% (capped at EUR 1.300), 0,27% (capped at EUR 1.600) or 1,32%,(capped at EUR 4.000). A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private



individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax purposes, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

An exemption is available for non-residents acting for their own account (subject to delivery of an affidavit confirming their non-resident status), and for certain professional intermediaries, insurance companies, pension funds and undertakings for collective investment, acting for their own account.

### ***Gift tax and inheritance tax***

Belgian tax legislation provides both gift tax and inheritance tax.

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

## **11. Taxation in Czech Republic**

*The following is a general discussion of certain Czech tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all Czech tax considerations that may be relevant to a decision to purchase, hold or dispose of the Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This general discussion is based on the tax laws of the Czech Republic (“CR”) currently in force which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment. Investors should be aware that the statements below are of general nature and do not constitute legal or tax advice and should not be understood as such.*

*Prospective investors should consult their professional advisors to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Securities.*

### **Acquisition of Securities**

Provided the Securities are acquired by Czech tax residents, no withholding tax should be applicable in the CR to the acquisition price paid by them to the Issuer, provided (i) the Issuer is a tax resident of Italy, (ii) the Issuer is the beneficial owner of this income and (iii) the foregoing facts are sufficiently documented.

No transfer tax / stamp duties would be payable in the CR in connection with acquisition of the Securities.

### **Holding of Shares**

No stamp duties or wealth tax are payable in the CR from the Securities held by Czech tax residents.

However, any income resulting from the holding of the Securities (interest, dividends etc.) would be subject to income tax in the CR. Furthermore, it would be important to verify whether or not the changes in values of the Securities (due to changes in market prices, FX changes etc.) would have any tax consequences in the CR.

### ***Personal Income Tax***

This tax would be payable by individuals – Czech tax residents. The general tax rate is 15%. In case when the Czech resident investor is an individual entrepreneur and the Securities are part of its

business assets, the application of social / health insurance charges and solidarity tax (7%) should be considered based on individual situation.

#### *Corporate income tax*

Any income of Czech legal entities (tax resident in the CR) resulting from the holding of the Securities in the form of interest, dividends etc. would be generally subject to taxation in the CR. Corporate income tax applicable in the CR is 19%; however, certain types of income (e.g. dividends) may be subject to 15% special rate. Furthermore, limited type of entities (e.g. investment funds) might be subject to 5% corporate income tax if certain requirements are met.

Although it is not likely that an exemption might apply to foregoing income in the case of the Securities, this should be considered as well. Generally, dividends could be exempt from corporate income tax in the CR if the recipient of the income (its beneficial owner) holds certain percentage on the share capital of the company that pays the income (at least 10% for at least 12 months)

#### *Double taxation avoidance*

In the case when the income paid to Czech tax residents by the Issuer is subject to withholding tax in Italy (or any other country), the Czech recipient of the income should generally be able to avoid the double taxation by using the method specified in the relevant Double Tax Treaty (e.g., he should be able to offset the tax paid abroad against his Czech tax liability). Details and specific conditions should be determined based on the individual situation of the owner of the Securities.

#### *Sale / Realization of Shares*

No transfer tax would be payable in the CR upon the Sale / Realization of the Securities. However revenues resulting from the Sale / Realization of the Securities would generally be subject to income tax in the CR.

#### *Personal Income Tax*

This tax would be payable by individuals – Czech tax residents. The general tax rate is 15%. In case when the Czech resident investor is an individual entrepreneur and the Securities are part of its business assets, the application of social / health insurance charges and solidarity tax should be considered based on individual situation. The tax base would generally be the difference between then selling / realization price and the acquisition price.

Generally, if the Securities are considered as securities (“cenné papíry”) under the Czech law and are not part of business assets of an individual entrepreneur, the income from the sale of the Securities could be exempt if the holding period exceeds 3 years.

#### *Corporate income tax*

Any income of Czech legal entities (tax resident in the CR) resulting from the Sale / Realization of the Securities in the form interest, dividends would be generally subject to taxation in the CR. Corporate income tax applicable in the CR is 19% (or 5% in case of certain entities).

Although it is not likely that an exemption might apply to foregoing income in the case of the Securities, this should be considered as well. Generally, income from the sale of the Securities could be exempt from corporate income tax in the CR if the recipient of the income (its beneficial owner) holds certain percentage on the share capital of the company that pays the income (at least 10% for at least 12 months).

#### *VAT issues*

Generally, the income resulting from the holding or the sale of Securities may have implications of the holder's VAT position. Each holder is therefore recommended verifying this with his professional tax advisor.

## **12. Taxation in Slovakia**

*The purpose of the overview below is to provide a general overview of the relevant Slovak tax rules based on the laws in force in Slovakia as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. Please note that Investors in the securities should consult with their professional advisers particular circumstances which should be examined and considered in detail.*

### **Income tax**

#### **Residents**

An individual is a Slovak tax resident if his domicile (a registered permanent stay) or habitual place of abode (a physical presence for more than 183 days in a calendar year) is in Slovakia. Individuals, who are tax residents in Slovakia, are subject to unlimited income tax liability on their world-wide income (i.e. income from domestic and foreign sources).

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

#### **Interests**

In general, the interest income earned from the securities is subject to a withholding tax of 19%. The exception are interests paid to states with which Slovakia has not concluded a treaty on avoidance of double taxation or on mutual exchange of information in tax matters for which a tax rate of 35% shall be applied. Revenues (incomes) from bonds and treasury bills sourced in Slovakia and paid to an individual are taxed by a withholding tax except for the revenues from state bonds and state treasury bills. In case of interest income with source outside of Slovakia, such interest income received by an individual shall be included in the special tax base and reported in annual personal income tax return. With respect to corporations, the interest income shall be included in the general tax base and declared in annual corporate income tax return. The withholding tax shall also be withheld from the income paid to companies which are not established for business purposes and to the National Bank of Slovakia.

The tax is to be withheld by a paying entity at the moment of payment. The paying entity is obliged to pay the tax withheld to tax authority within 15 days following the end of month in which the income payment was carried out and within the same deadline submit an announcement report. The tax withheld could have an effect of a final taxation or the taxpayer could offset it against the tax due in the same fiscal period.

#### *Individual investors*

In case the income from interest on the securities originates from sources abroad to an individual, it shall be included in the special tax base. The tax rate for individuals will be at the level of 19% of the special tax base.

However, it is necessary to review the respective Double Taxation Avoidance Treaty concluded between Slovakia and another country in which the securities are generated, whether Slovakia has a right for the taxation of these securities.

#### *Corporations*

In general, a corporation shall include the interest received in its general corporate income tax base, which is taxable at a tax rate of 21% (effective for taxable periods commencing on or after 1 January 2017, for taxable periods between 2014 and 2016 a tax rate of 22% shall be applied). The amendment of the Income Tax Act with effect from 1 January 2014 has introduced the institute of a tax licence (minimum tax) for specified corporate entities reporting a tax loss, zero or very low tax in a taxation period. The amount of the tax licence depends on the conditions stated in the Income Tax Act (EUR 480, EUR 960, EUR 2,880). The tax licence shall affect the business companies whose tax liability calculated in the tax return is lower than the amount of tax licence. Nevertheless, as a result of the amendment of the Income Tax Act effective for taxable periods commencing on or after 1 January 2018, the institute of tax licence will be abolished altogether.

### ***Capital gains – Income from sale of the securities***

Income from sale of securities originating from a source abroad is subject to (personal/corporate) income tax in Slovakia if the recipient is a Slovak tax resident. Such income should be included in the taxpayer's income tax base (no withholding tax shall be applied). Individual investor's capital gains from sale of the securities are subject to personal income tax at a rate of 19% or 25% depending on the amount of this income. Provided that certain conditions are met this kind of personal income may be exempt from the tax. More details on potential exemption can be found in the text below.

Capital gains from sale of the securities are included in the corporate income tax base and taxed at tax rate of 21% (22% for taxable periods up to 2016).

When considering the taxation of sale of the securities the source of which is e.g. in Italy and are paid to a Slovak tax resident, the provisions of the existing double taxation treaty between Italy and Slovakia should be taken into consideration. Under the provisions of this double taxation treaty capital gains from sale of such securities are in general taxable only in Slovakia, i.e. the country of tax domicile. The income tax is levied as follows:

#### *Individual investors (private and business investors)*

The tax base shall be equal to the taxable income less any expenses, which may be documented as having been incurred in order to generate the income. Expenses that can be deducted are the purchase price proven to be paid for the securities, or when there is no purchase (i.e. free of charge - donation, inheritance) then the price for the securities determined at the time when the securities were acquired, and the expenses related to the acquisition or purchase of the securities.

The capital gains from the sale of the securities will be exempt from Slovak personal income tax if the aggregate of the tax base related to the "other income" category (i.e. debentures, shares, bills of exchange etc.) does not exceed the flat amount of EUR 500. The same limit for exemption relates to rental income, income from transfer of options and income from transfer of ownership interest in a company. Thus, the exemption of EUR 500 shall be applied to the aggregate of all the afore mentioned incomes ("the other income", rental income, transfer of options and of ownership interests in a company). If the above mentioned limit is exceeded, only the excess amount is included in the tax base.

Further, the income from sale of the securities accepted for trading on a regulated market or a similar foreign regulated market shall be exempt from tax, if the period between their acquisition and their sale exceeds one year. Such income from sale of the securities is not exempt from tax if the securities were included into business assets of the taxpayer.

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

A loss from sale of securities shall not be offset against gains from sale of securities in the same fiscal period - only the expenses up to the amount of income shall be considered upon the calculation of the tax base.

Under the specific conditions stated below, the full loss incurred may be considered as a tax deductible expense, these are:

- (i) securities traded at regulated market, the acquisition cost of which is not higher, and the proceeds from the sale of which are not lower than a deviation of 10% from the average quotation published by the regulated market on the date of purchase or sale, or, if the securities are not traded on such a date, from the last published average quotation; as regards the securities above, the expense shall be equal to the acquisition cost of shares, or, with respect to other securities, the acquisition cost adjusted by the valuation difference arising out of valuation at the fair market price which is included in the tax base;
- (ii) bonds, the selling price of which is not lower by more than the interest accrued on the bonds and included in the tax base prior to the date of sale or the date of maturity of the bond; and
- (iii) for taxable persons who engage in trading with securities pursuant to special legislation, and which may deduct the expense of the acquisition of the securities up to the amount posted as their cost.

#### *Corporations*

In Slovakia, there is no difference in taxation of the capital gains of the individual investors holding securities as a business asset and corporations, therefore the section above applies to the corporations as well.

#### **Non-residents**

##### *Interests*

Non-residents (both individuals and corporations) are taxed only on their Slovak-source income. The interest income earned from securities paid out by a Slovak tax resident or a permanent establishment of a Slovak tax non-resident to a Slovak tax non-residents are taxed at the domestic withholding tax rate of 19% (35% in case of residents in listed jurisdictions) unless such rate is reduced by a double taxation treaty or exempt under the EU Interest and Royalties Directive. The responsibility for withholding of the tax at source is vested with the Slovak tax resident or a permanent establishment of a Slovak tax non-resident making the relevant payment.

#### **EU Savings Directive**

The Slovak Republic has implemented the Directive 2003/48/EC on taxation of savings income in relation to interest payments. As a result, an exchange of information between tax authorities applies. Pursuant to the Act on Tax Administration, a Slovak paying agent, who pays interest income to an individual beneficial owner from another EU Member State or from a dependent or associated territory of a Member State, is obliged to provide specific information about such payment to the tax authorities by 31 March for the previous calendar year.

Interest income subject to the automatic exchange of information constitutes, inter alia, income incurred from participation certificates, bonds, certificates of deposit, treasury bills and other securities of similar characteristics during the holding of such a financial instrument or income accrued at the sale, refund or redemption of the financial instrument.

#### **Withholding tax in relation to securities**

Provided that (i) the securities shall be issued outside the Slovak Republic, (ii) the Issuer shall be a Slovak tax non-resident and (iii) all payments in relation to securities shall be executed by the Issuer or by the entity executing such payments on behalf of the Issuer, any income earned from the securities shall be qualified as the income having a source outside the Slovakia and as such shall not be subject to withholding tax in Slovakia.

#### ***Capital gains – Income from sale of the securities***

The capital gains realised by a Slovak tax non-resident on sale of the securities issued by a foreign entity are not treated as a Slovak-source income (i.e. it is not subject to tax in Slovakia). In general,

only the capital gains realised by Slovak tax non-residents on the sale of securities issued by tax payers having their seat in Slovakia, shall be taxed in Slovakia under local tax law except of the revenues from the state bonds and state treasury bills.

### **Dividends**

The tax treatment of and related health insurance obligations arising on dividend income differ with respect to taxable period in which the profit was generated from which the dividends shall be distributed. The treatment is determined irrespective of whether the actual dividend payment occurs in 2017 or later. The dividend income derived from profit achieved in taxable periods up to 2003 is subject to income tax in Slovakia. Dividends distributed from profit achieved in periods between 2011 and 2012 shall not be subject to tax, however a 10 % health insurance obligation arises. Dividends from profits of 2013 to 2016 shall not be subject to tax, but the health insurance obligation of 14% arises. Dividends from profits generated commencing on or after 1 January 2017 shall be subject to income tax at a rate of 7%, however there is no obligation to pay health insurance on such income.

Nevertheless, the fact whether Slovakia is entitled to tax dividend income shall be analysed thoroughly with regards to provisions of double taxation treaty concluded between Slovakia and the other state. It may be that the relevant treaty includes a cap as to the amount of tax that may be charged by either state.

Shall an individual or a business entity who are considered as tax residents of Slovakia, receive dividend income from state with which Slovakia has not concluded any tax treaty, the applicable tax rate amounts to 35%.

As to business entities, with the exception of the above mentioned non-contracting states, dividend income shall be exempt from tax provided that the dividend paying entity does not treat it as a tax deductible expense.

The Slovak health insurance contributions received from the dividends are applicable only to individuals who participate obligatory in the Slovak health insurance system and do not have any confirmation on participation in another foreign obligatory health insurance system, e.g. in a form of an A1 form. The amount of health insurance contribution is capped by a so-called maximum calculation base (“maximálny vymeriavací základ”) for the amount of income on which the contributions shall be paid. The maximum limit set for income received in 2017 amounts to EUR 52 980. The limit effectively applies to the aggregate of all income taxable in Slovakia (irrespective whether the income source is dividends or dependent activity).

### **Other taxes**

There is no inheritance tax, gift tax, ownership tax or transfer tax in the Slovak Republic.

However, if securities are donated by an employer to a Slovak tax resident who is an employee, or if securities are donated to a Slovak tax resident who is self-employed and these securities are donated in connection with the carrying out of this self-employment, the value of the gift is subject to Slovak income tax and related health insurance contributions. The value of gift is also subject to the Slovak social insurance contributions since the assessment base for social insurance purposes generally follows the tax base of the individual (employee or self-employed person), although some exemptions may apply.

## **13. Taxation in Hungary**

*The following discussion is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Hungary and as applied on the date of this Base Prospectus, which may be subject to change, possibly with retroactive or retrospective effect. It is not intended to be, nor should it be construed to be, legal or tax advice, therefore should be treated with appropriate caution. This is a general discussion and does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in Securities in Hungary.*

*Prospective investors in the Securities who are in any doubt as to their tax position should consult their own professional advisers.*

## **Taxation of resident private individuals**

### *Personal Income Tax*

Resident private individuals shall be subject to tax liability in respect of all their income (all-inclusive tax liability).

### *Income from interest*

According to the provisions of the Personal Income Tax Act, in the case of individual holders, interest income (**Interest Income**) - among others - is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt Securities (with the exception of the sale of collective investment securities on the Hungarian stock market or the stock market of any EEA or OECD state). The term “*debt securities*” is defined in Act CXX of 2001 on the Capital Market. Generally, securities which do not pertain to the category of securities representing membership rights, should be treated as debt securities, therefore, income deriving from the Securities may qualify as income deriving from debt securities from personal income tax perspective. Securities listed on a regulated market of an EEA member state are considered publicly offered and traded securities. The personal income tax of 15 per cent. will be withheld by a payor (**Payor**, as defined below) on the Interest Income.

The proceeds paid on privately placed Securities which are not listed on a regulated market of an EEA member state are considered as other income (**Other Income**) which is taxable at a rate up of 15 per cent. (and may be subject to a health care contribution of 22 per cent., as well). The capital gains realised on the sale or redemption of such securities is considered, as a general rule, capital gains income (**Capital Gains Income**). The tax rate applicable to Capital Gains Income is 15 per cent., while the rate of health care contribution payable on the basis of Capital Gains Income realised by Hungarian resident individuals is 14 per cent (capped at HUF 450 000).

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "**Payor**" (*kifizető*) (as defined below) to withhold tax on the interest payments to individual holders. In certain circumstances, Act LXVI of 1998 on Healthcare Contributions also imposes a requirement on the Payor to withhold health care contribution on payments provided to private individuals which are subject to health care contribution (where health care contribution is payable by the private individual).

Pursuant to Act XCII of 2003 on the Rules of Taxation (**ART**) the definition of a Payor covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or the issuer of a note, including the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, Payor shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, Payor shall mean the "paying agent" (*megbízott*) (legal person, organisation or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

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

### *Personal Income Tax Rate*

In Hungary the personal income tax rate is 15 per cent..

#### Withholding tax

As long as the income from the transaction - according to the tax regulations of the payer's country legislation – is considered as dividends, it may be limited taxable by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. The rate of withholding tax is 20% in Ireland, which shall be moderated based on the double taxation treaty between Ireland and Hungary. Overall, the tax paid in the source country should be credited into the tax payable in the resident country. Generally, in the case of any other type of income, the withholding tax should not be levied (0%) by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer.

#### **Taxation of resident entities**

##### *Corporate Tax and Dividend Tax*

The tax liability of resident taxpayers shall apply to their income from Hungary and from abroad, both (total tax liability). In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

In general, the interest and capital gain realized on the transactions with Securities by resident entities will be the part of their pre-tax profit/loss and will be taxable in the same way as the income from the regular operation where pre-tax profit, adjusted with the tax base modifying items shall represent the corporate tax base.

From 1 January 2017, the corporate tax rate is 9 per cent. (flat rate) of the positive tax base.

##### *Duties and Local Business Tax for resident taxpayers (individual and corporate)*

The Securities should be classified as movable tangible properties in respect of duties. In case of inheritance, gifting or quid pro quo transfer of property of Securities in certain cases it is necessary to count with the occurrence of duty paying liability. The general rate of inheritance and gift duty is 18 per cent. of the net worth of the inheritance or gifts received by any one heir, legatee or donee. The general rate of duty on the quid pro quo transfer of property is 4 per cent.

The proceeds received on Securities held by credit institutions, financial enterprises, insurance companies or investment firms can be subject to local business tax. Generally, in case of other taxpayers, the proceeds realized from similar transactions is not part of the local business tax base.

#### *Withholding tax*

The legislation of withholding tax for resident entities is similar to resident private individuals, and it is regulated in the double taxation treaty.

#### **Taxation of non-resident private individuals**

##### *Personal Income Tax*

**Non-resident private individual** shall mean all natural persons other than resident private individuals. The tax liability of non-resident private individuals shall apply to income that originates in Hungary as the place of gainful activity or is taxable in Hungary by virtue of international agreement or reciprocity (limited tax liability).



Generally, Interest Income should be treated as having a Hungarian source - among others - where the relevant issuer is resident in Hungary for tax purposes. As in the present case the Issuer of the Securities should not be considered as an entity resident in Hungary for tax purposes, the Interest Income should not be regarded as having a Hungarian source.

Please note that the provisions of applicable double tax conventions, if any, should also be considered when assessing the Hungarian tax liabilities of a foreign resident individual holder.

### **Taxation of non-resident entities**

#### *Corporate Tax and Dividend Tax*

Foreign nationals shall be deemed taxpayers, as well as non-resident entities whose head office is located abroad if they (a) carry out business operations via a permanent establishment in Hungary, provided that they are not considered resident taxpayers due to the location of their head office (**non-resident entrepreneurs**) or (b) obtain any income through the transfer or withdrawal of participating interest in a company with real estate holdings (**member of a company with real estate holdings**).

The tax liability of non-resident entrepreneurs shall apply to their income attributable to the Hungarian permanent establishment (limited tax liability).

When establishing the corporate tax, resident taxpayers and non-resident entrepreneurs shall adjust the tax base so that it contains no income that is subject to taxation abroad, if so prescribed by international treaty. In other cases, resident taxpayers and non-resident entrepreneurs may deduct from the corporate tax any tax paid (or payable) abroad that is equivalent to corporate tax.

#### *Duties for non-resident tax payers*

In general, the rules of duties for the non-resident individuals and entities are the same.

The rules of inheritance duty should be applied to all heritage located in Hungary. The same provisions should be applied to the movable tangible properties (e.g. Securities) inherited by a Hungarian citizen or a non-Hungarian citizen residing in Hungary or a legal entity established in Hungary, where the heritage is situated abroad if no inheritance duty or tax corresponding thereto is payable in the state in which such heritage is situated.

The provisions governing duties on gifts and transfer for consideration of property shall apply to moveable tangible properties (e.g. the Securities), unless otherwise provided for by an international agreement.

If the transfer of movable tangible property took place in Hungary, the owner of that movable tangible property should calculate with the duty paying liability, in line with the general rules mentioned regarding resident private individuals.

## **14. Taxation in the Republic of Slovenia**

*The following is a general description of certain Slovenian tax considerations relating to the Securities, based on the Issuer's understanding of the current law and its practice in Slovenia. It does not purport to be a complete analysis of all relevant tax considerations. Furthermore, it only relates to the position of investors who are beneficial owners of the Securities and the interest and may not apply to certain classes of investors. Prospective purchasers of the Securities should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of the Securities and receiving payments of interest, principal and/or other amounts under the Securities. This overview is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

## **1. Taxation of individuals**

### **Residents and non-residents**

In accordance with the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), an individual is deemed to be a resident of Slovenia if his registered permanent address, habitual place or the centre of his personal and economic interests is in Slovenia. In addition, any person who has been present in Slovenia in a tax year for more than 183 days in the aggregate is deemed to be a resident in the tax year. Resident individuals are subject to income tax on their worldwide income. In general, all income, profits and gains are taxable, unless specifically exempt by law.

In accordance with the Personal Income Tax Act, non-residents are subject to tax on income derived from a source in Slovenia. Withholding tax is generally levied at a rate of 25%. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty, with the holder applying for a refund with the Slovenian tax authorities providing proof of eligibility.

### **Taxation of financial derivatives**

Under the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), capital gains from the sale or other disposition of debt securities and other financial derivatives held as non-business assets are in general exempt from taxation. Capital gains derived from the alienation of financial derivatives (as defined in the Article 7 of the Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov; ZTFI*) and debt securities (except for coupon debt securities and discount debt securities) by a resident individual are taxed at the rate of 40% (in the first 12 months of holding) and 25% (in the following 4 years of holding) according to the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov; ZDDOIFI*). The tax rate is further reduced by 10 percentage points for the next 5 years of holding, so that the rate of 15% applies after 5th year of holding, and further by 5 percentage points for each following 5 years of holding so that 10% and 5% tax rate applies after the 10th and 15th year of holding, respectively. After the 20th year of holding 0% tax rate applies. Tax return must be filed by Slovenian tax resident (Individual) until 28th February for previous year. Slovenian tax residents are taxed based on the principle of worldwide income; any income - deriving from Slovenia or abroad - is subject to taxation. If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief.

### **Taxation of interest**

Under the Slovenian tax laws currently in effect, the payment of interest on the debt securities (as defined in the Article 81 of the Slovenian Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*) in accordance with their terms and conditions to a resident individual (within the meaning of the relevant provisions of ZDoh-2) will generally be subject to tax at a flat rate of 25%. (levied by way of withholding or by way of assessment), provided that these qualify as non-business assets. Income from a disposal or repurchase by the issuer of discounted debt securities (including non-coupon debt securities) shall also be considered as interest income (in accordance with the Article 88 of ZDoh-2). Tax return must be filed by Slovenian tax resident (Individual) until the 28<sup>th</sup> of February for previous year.

Pursuant to the Article 54 of ZDoh-2 interest on Securities issued in series held by a resident individual as business assets will generally qualify as non-business income, in which case it would be subject to the flat rate of 25% as described above, instead of the progressive tax rate of up to 50%, which generally applies to business income.

### **Taxation of dividends and capital gains**

Dividends and other profit distributions are taxed by way of a 25% final withholding tax.

In general, individuals are subject to income tax on their capital gains if derived from the disposal of immovable property, shares and other participation rights, investment coupons etc. Taxable capital gains are generally taxed at a 25% final tax rate. After five years of holding, capital gains are taxed at a 15% final tax rate. The rate is later reduced by five percentage points per each five years of holding. Consequently, any gains are exempt after a 20 year-holding. Capital gains derived from the alienation of financial derivatives are not taxed according to this rule but are taxed only as described previously under *Taxation of financial derivatives*.

### **Inheritance and gift taxation**

Individuals and private law entities (within the meaning of the Article 3 of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila; ZDDD*) are subject to Slovenian inheritance and gift tax in case of a transfer of the Securities mortis causa or inter vivos. The rate of such tax depends upon the value of the assets transferred and upon the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand. An exemption may apply in certain cases, such as to transfers between direct descendants and between spouses, as well as to a transfer of movable property the total value of which does not exceed EUR 5,000.

### **Withholding tax**

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and other incomes if such taxable income is paid by local tax payer. In other cases, tax return must be filed by individual upon receipt of such income.

### **EU Savings Directive**

EU Savings Directive has been incorporated in sub-chapter 10 of chapter 1 of part five of Slovenian Tax Procedure Act (*Zakon o davčnem postopku; ZDavP-2*) and has come into force on 1st July 2005. However, since then the Directive (EU) 2015/2060 repealing the EU Savings Directive has come into force and these provisions have been stricken and the directive has also been implemented in chapter II of part four of Slovenian Tax Procedure Act.

For further information please refer to the paragraph below, headed *EU Savings Directive*.

### **No gross-up for taxes withheld**

Purchasers of the Securities should note that neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Securities, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

### **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information please refer to the paragraph below, headed *The proposed financial transactions tax*.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Slovenia.

## **2. Taxation of corporations**

Under the Slovenian tax laws currently in effect, the payment of interest on the Securities in accordance with their terms and conditions within the meaning of the relevant provisions of the Slovenian

Corporate Income Tax Act (*Zakon o davku od dohodkov pravnih oseb; ZDDPO*) received by (i) a legal person resident for tax purposes in the Republic of Slovenia; or by (ii) a permanent establishment (poslovna enota) in the Republic of Slovenia of a legal person not resident for tax purposes in the Republic of Slovenia, is considered as a part of the overall taxable income. The Corporate Income Tax is levied on the net profits, defined according to the profit and loss account, as stipulated by the law and the Accounting Standards. The tax rate is 19% since 1.1.2017.

#### **Withholding tax**

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and some other payments if such payments have source in Slovenia and are paid abroad.

#### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Slovenia.

### **3. Financial Services Tax**

The subject of taxation according to Financial Services Tax Act (*Zakon o davku na finančne storitve; ZDFS*) are the following services: a) granting and negotiation of credit or loans in monetary form and the management of credit or loans in monetary form by the person who is granting the credit or the person who is granting the loan; b) issuing of credit guarantees or any other security for money and management of credit guarantees by the person who is granting the credit; c) transactions, including negotiation, concerning deposit and current or transaction accounts, payments, transfers, debts, cheques and other negotiable instruments; d) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender; e) services provided by insurance brokers and agents.

A taxable person shall be any person who provides the financial services in the territory of the Republic of Slovenia. It shall be deemed that a financial service referred to in Article 3 of this Act has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a fixed establishment from which such financial service is provided or has his usual or permanent place of residence in the territory of Slovenia. It shall be also deemed that a financial service has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a place of establishment from which the service is provided or has or has his usual or permanent place of residence outside Slovenia, but may, in accordance with the existing legislation, provide the financial services in the territory of Slovenia directly to clients or recipients of services who have established their business or have a place of establishment or their usual or permanent place of residence in the territory of Slovenia.

Applicable tax rate is 8,5% and is chargeable on the commission of a financial service. It shall be deemed that a financial service has been provided when a fee for the commission of the service has been paid. The fee referred to in the preceding paragraph shall exclude interest payable by a contractor of services to a taxable person for the provision of the agreed financial service when such interest does not constitute the payment of fees by a taxable person for the service provided.

## **15. Taxation in Ireland**

*The following is an overview of the Irish withholding tax treatment of the Securities. The overview does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities.*

The overview is based upon the laws of Ireland and the published practices of the Revenue Commissioners of Ireland as in effect on the date of this Base Prospectus. Prospective investors in the Securities should consult their own advisers as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Securities including, in particular, the effect of any state or local law taxes, if applicable.

### **Irish Withholding Tax**

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Securities is connected, nor are the Securities held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Securities, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Securities.

Separately, for as long as the Securities are quoted on a stock exchange, a purchaser of the Securities should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Securities.

### **Irish Encashment Tax**

Payments on any Securities paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Securities will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Securities entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

## **16. Taxation in Poland**

*The following information of certain Polish taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following information does not purport to be a comprehensive description of all the tax consequences and considerations that may be relevant to acquisition, holding, disposing and redeeming of or cancelling (as applicable) the Securities, and does not purport to deal with the tax consequences applicable to all categories of investors.*

*The following information is not intended to be, nor should it be construed to be, legal or tax advice. It is recommended that potential purchasers of the Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding, sale or redemption.*

### **Taxation of Polish resident individuals**

*Polish resident individuals*

A Polish tax resident individual ("Polish Resident Individual") is a natural person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year, unless otherwise results from the relevant tax treaty.

Polish Resident Individuals are subject to Polish Personal Income Tax ("PIT") on their worldwide incomes irrespective of the country from which the incomes were derived.

#### *Taxation of income from the disposal of Securities*

Income earned by Polish Resident Individuals on the disposal of Securities should be classified as capital gains realised on the sale of securities and as such it will not be combined with income from other sources but will be subject to the 19 per cent. flat PIT rate. The income is calculated as the difference between the revenue earned on the disposal of Securities (in principle, the selling price) and the related costs (in principle, the Issue Price). However, if the price differs, without justification from market value, tax authorities are entitled to recognise the market value as taxable revenue.

The tax is settled by an individual taxpayer on an annual basis. An annual tax return should be filed by April 30 of the calendar year following the year in which the income was earned.

#### *Taxation of interest under Securities*

The amount of interest under Securities earned by a Polish Resident Individual should not be combined with income from other sources and will be subject to the 19 per cent. flat PIT rate. Unless a tax remitter withholds the Polish tax, the tax is settled by Polish Resident Individual and an annual tax return should be filed by April 30 of the calendar year following the year in which the income was earned.

Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

#### *Securities held as business assets*

If an individual holds Securities as business assets, in principle, interest and capital gains income should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

### **Taxation in Poland of Polish resident corporate entities**

#### *Polish resident entities*

Corporate entities having their seat or place of management in Poland ("Polish Resident Entities") are subject to Polish Corporate Income Tax ("CIT") on their worldwide income irrespective of the country from which the incomes were derived.

#### *Taxation of income from the disposal of Securities*

Income earned by Polish Resident Entities on the disposal of Securities is subject to the 19 per cent. CIT rate. The income is calculated as the difference between the revenue earned on the disposal of Securities (in principle, the selling price) and the related costs (in principle, the Issue Price). However, if the price differs, without justification from market value, tax authorities are entitled to recognise the market value as taxable revenue.

Tax advances are generally paid on a monthly basis (however, some categories of CIT taxpayers may pay tax advances on a quarterly basis). The final tax reconciliation is made in the annual CIT return filed within three months of the end of the tax year.

#### *Taxation of interest under Securities*

The amount of interest earned by a Polish Resident Entity under Securities is subject to the 19 per cent. CIT rate. Tax advances are generally paid on a monthly basis (however, some categories of CIT taxpayers may pay tax advances on a quarterly basis). The final tax reconciliation is made in the annual CIT return filed within 3 months of the end of the tax year.

Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

### **Taxation in Poland of non-resident individuals and entities**

#### *Taxation of income from the disposal of Securities*

Individuals and entities that are Polish non-residents will not generally be subject to Polish taxes on income resulting from the disposal of Securities unless such income is attributable to an enterprise which is either managed in Poland or carried on through a permanent establishment in Poland. However, some double tax treaties concluded by Poland may provide for a different tax treatment (for example, in case of the disposal of Securities in a real estate company). In addition, in the case of individuals resident in a country which does not have a binding double tax treaty with Poland, there may be a risk of taxation of the types of income referred to in this paragraph, in the case of the disposal/redemption/cancellation of Securities in Poland or if the Securities are issued by a public company quoted on the Polish Stock Exchange.

#### *Taxation of interest under Securities*

The interest income on the Securities paid through a Polish intermediary to non-resident investors will in principle be subject to a withholding tax (20% in case of corporate entities and 19% in case of individuals) subject to such relief as may be available under applicable domestic and tax treaty provisions. In case of payments relating to the Securities made in favour of individual non-residents the withholding should be collected by the Issuer or by the entity maintaining securities account of the individual if the Issuer is making payment to such entities. In the latter case, the Issuer does not withhold Polish tax.

Relevant double tax treaty concluded between Poland and a tax residency state of interest recipient may provide for reduced Polish withholding tax rate. However, benefiting from a reduced rate may require presenting the recipient's valid certificate of residence.

### **EU Directive on Taxation of Savings Income**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, Poland will provide to the tax authorities of another EU Member State (and certain non-EU countries and associated territories specified in that directive) details of payments of interest or other similar income paid by a person within Poland to, or collected by such a person for, an individual resident in such other state. Poland will also provide such details if interest (or similar income) is not paid to an individual directly, but it is paid to a so called intermediary entity.

### **Other Taxes**

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

## **General Anti-Abuse Rule (GAAR)**

Poland has introduced GAAR into local law.

The aim of the rule is to prevent taxpayers taking actions which, although lawful, are only or mainly aimed at achieving a tax benefit. A tax benefit is understood not only as minimizing tax burdens but also as, for example, deferring of a tax obligation.

The new law introduces a definition of tax avoidance, pursuant to which any action (agreement, restructuring process, establishing of an intermediary entity, etc.) that is carried out mainly for the purpose of achieving a tax benefit cannot result in the achieving of that benefit if the tax authorities rule that the action was artificial. An artificial action is an action that is inconsistent in the given circumstances with the object and purpose of a provision of the tax law. It is also understood as an action which normally would not be taken by the taxpayer if there were no tax benefits resulting therefrom.

The rule will apply to transactions under which the tax benefit (or the sum of benefits) is at least PLN 100,000 in a given settlement period. In addition, the application of the rule is to be excluded in situations where other tax regulations provide for the combating of tax avoidance (e.g. with regard to transfer pricing and the so-called small GAAR clause implemented by EU Directives).



## 17. **Taxation in Croatia**

*The statements herein regarding taxation are based on the laws in force in Croatia as of the date of this Base Prospectus and are subject to any changes in law and/or entry into force of any relevant law occurring after such date, which changes could be made on a retroactive basis. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.*

### **Taxation of individuals**

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

Taxable sources of income are:

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

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

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

Taxable basis i.e. tax base:

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

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

Amendments to the Croatian Income Tax Act, have introduced certain changes in relation to taxation of capital income. Namely, whilst under the earlier version of the Croatian Income Tax Act, income tax was payable only on interests realized on the basis of granted loans and facilities, including those realized through commission loans, currently applicable version of the Croatian Income Tax Act provides for wider list of earnings from interests being subject to taxation (at applicable rate as provided for in the Croatian Income Tax Act), including those realized under a) interests payable on securities (vrijednosni papiri), b) interest on HRK and foreign savings, c) revenues realized based on division of income of an investment fund in form of interest, if they are not taxed as profit shares on the basis of distribution of profit or income of an investment fund. However, the Croatian Income Tax Act provides for explicit statutory exemption, among others in case of default interest and interest realised through investment in the notes (being obveznice under applicable Croatian laws), regardless of the issuer and type of notes. As no guidance has been published by the Croatian Tax Authorities, potential interpretation of the said provisions by the Croatian Tax Authorities cannot be assessed.

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

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

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

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

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

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

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

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

Specifically, as income from capital are deemed capital gains and gains from dividends and profit sharing on the basis of shares in capital. Income tax payments on the basis of receipts from dividends or profit sharing on the basis of shares in capital and capital gains are payable at the rate of 12%. Dividends and profit sharings on the basis of shares in capital are taxable at source, while the obligor of calculation, withholding and payment of tax for capital gains is the tax obligor acquirer of revenue from the country or from the abroad, if not provided to the contrary by an international treaty (or the company managing financial assets of the tax obligor or Central Depository and Clearing Company);for income from capital based on disposal of share in capital, a tax obligor and; a person disposing of financial assets in case of financial assets was acquired as a gift and disposed of in a period of two years from the date of acquisition. The company, payer of dividends or shares in profit is obliged to assess, withhold and pay tax simultaneously with the payment of dividends or profit. It should be noted that on top of income tax the income tax surcharge is levied which is defined in the city or municipal regulations depending on the place of residence or habitual abode of the tax obligor. The tax basis for surcharge tax is the assessed income tax and the payer of the receipts is obliged to assess, withhold and prepay tax simultaneously with the payment of receipts.

If the resident receives income from capital from abroad, he is obliged to pay tax at the applicable tax rate. In a situation where the tax payer chose that Central Depository and Clearing Company shall keep records, calculate income and income tax and report to tax authorities thereof, he is obliged to deliver all data necessary for determination of income tax to Central Depository and Clearing Company.

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

### **Inheritance and gift taxation**

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

### **EU Savings Directive**

EU Savings Directive has been incorporated in the Croatian General Tax Act and has come into force on 1st July 2013. The EU Saving Directive has been repealed by Council Directive (EU) 2015/2060 of 10 November 2015 which came into force on 1st January 2017.

### **No gross-up for taxes withheld**

Purchasers of the Securities should note that neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Securities, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

### **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

### **Taxation of corporations**

Corporate (profit) tax obligors are:

1. companies and other legal entities and natural persons residing in the Republic of Croatia that are self-employed and perform operations permanently and for the purpose of making the profit, income or revenues or other valuable commercial benefits;
2. local business units of a foreign entrepreneur (non-resident);
3. a natural person gaining income according to income tax regulations if he/she declares that he/she will pay corporate (profit) tax instead of income tax;
4. an entrepreneur-natural person, receiving income from trade and operations comparable to trade:
  - if the total turnover in the previous tax period exceeded HRK 3,000,000, or
  - if two of the three following requirements are met:
    - if the income earned in the previous tax period exceeded HRK 400,000, or
    - if the value of his long-term assets exceeds HRK 2,000,000, or
    - if he in the previous tax period had more than 15 employees on average;
5. exceptionally, government administration bodies, regional self-administration bodies, local self-administration bodies, Croatian National Bank, institutions of regional self-administration units, institutions of local self-administration units, state institutes, religious communities, political parties, trade unions, chambers, associations, artists associations, voluntary fire-fighting societies, technical culture communities, tourist communities, sports clubs, sports societies and associations, trusts and funds, if they perform commercial activities whose non-taxation would lead to unjustified advantages on the market (they are subject to corporate (profit) tax for such commercial activities). The tax authority will at own initiative or at the proposal of other tax obligors declare in its decision that the above stated persons are obliged to pay corporate (profit) tax for such commercial activities;
6. each entrepreneur not counted to entrepreneurs counted in items 1 through 5 who is not an income tax obligor according to the income tax regulations and whose profit is not taxable elsewhere.

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

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

The subject of taxation is the profit determined according to accounting regulations as difference between income and expenses before profit tax, increased or decreased according to the Croatian Profit Tax Act. In case of withholding tax the subject of taxation is the gross amount of payment paid by a payer in the country to a non-resident - foreign recipient.

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

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

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

## **18. Taxation in Sweden**

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

### **Individuals**

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

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

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

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

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

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

### **Limited Liability Companies**

For a limited liability company, all income including taxable dividends and capital gains, is taxed as business income at a tax rate of 22 per cent. Capital gains and capital losses are calculated in the same manner as set forth above with respect to individuals.

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

### **Non-Swedish tax residents**

Under Swedish law, payments of dividends, principal or interest on the Securities to a non-resident holder of Securities are not subject to tax in Sweden, unless such non-resident holder of Securities carries on a trade or business through a permanent establishment in Sweden to which the payment of dividends, principal or interest is attributable. An anti avoidance provision applies. If the person entitled to the dividend holds shares under such conditions that an other party improperly is provided the benefit when making decisions on income tax or gain exemption from withholding tax, withholding tax will be charged on the transaction.

For shareholders not tax resident in Sweden that receive dividends on shares in a Swedish limited liability company, a Swedish withholding tax is normally payable. The general tax rate is 30 per cent but it may be reduced under applicable tax treaties.

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

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

## **Other Taxes**

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

## **EU Savings Directive**

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

## **EU Financial Transaction Tax**

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

## **19. Taxation in Denmark**

The following discussion is of a general nature and is based on the laws in force in Denmark as of 18 April 2017, though it is not intended to be, nor should it be construed to be, legal or tax advice. This section includes only individuals and limited liability companies as prospective investors and is not exhaustive. It does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Further, as each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities, the following section only provides some general information on the possible tax treatment in Denmark. All prospective investors in the Securities should therefore consult their own professional advisers as to the effects of Danish tax law, to which they may be subject.

### **Individuals with tax residence in Denmark**

#### *General taxation principles*

Individuals are generally subject to taxation on their worldwide income, whatever the source is and wherever the relevant payer is established. Accordingly, any income that Danish resident holders of the Securities may receive under the Securities should generally be subject to Danish taxation.

#### *Taxation of the Certificates*

Depending on the specific terms of the Certificates, the Certificates may be deemed to constitute bonds (debt-claims), financial contracts or shares under Danish tax law. In all cases, income derived from the Certificates may be taxable at a rate of up to 42% (2017 level).

If the Certificates are deemed to constitute bonds, any income derived from the Certificates would generally be taxed as capital income in the year of realization. Tax would apply at a rate of up to 42% (2017 level). A loss on the Certificates should generally be deductible against other capital income items.

If the Certificates are deemed to constitute financial contracts under Danish tax law, the Certificates would be taxed, as capital income, on an accrual basis, entailing that taxation of capital gains on the Certificates would occur annually based on the annual increase or decrease in the value of the Certificates. Taxation would apply at a rate of up to 42% (2017 level). The Certificates may be deemed financial contracts if they are adjusted wholly or partly according to the development in prices on securities, goods etc. However, Certificates, which are only adjusted according to the development of certain public price indexes within the EU, should generally not be considered as financial contracts under Danish tax law.

If the Certificates are deemed financial contracts as mentioned above, the tax deductibility would be subject to the following criteria and restrictions: A loss on the Certificates may be deducted against gains derived from other financial contracts in the same income year. Any excess loss may be deducted to the extent that the loss does not exceed the aggregate net gains derived from financial contracts in the income years after 2001 and up to and including the year before the income year in question. An excess loss, which is restricted as per the said criteria, may be deducted from net gains derived from shares admitted to trading on a regulated market if the Securities are admitted to trading on a regulated market and are based on a share index. A loss that is restricted pursuant to the above criteria may, subject to the same criteria and restrictions, be deducted in following income.

If the Certificates constitute shares, taxation will occur pursuant to the rules on taxation of shares as outlined below.

Periodical income (dividends) and capital gains derived from the Certificates will be taxed as share income at a rate of 27% or 42%, depending on the holder's total annual share income and marital status in the concerned income year. Taxation applies on a realization basis. Annual share income up to DKK 51,700 is taxed at 27%. Any share income in excess of DKK 51,700 is taxed at the rate of 42%. For cohabiting spouses, a consolidated threshold of DKK 103,400 applies. Share income include all capital gains and dividends derived from shares by the shareholder or a cohabiting spouse. All figures mentioned are 2017-figures.

Losses derived from an investment in shares which are admitted to trading on a regulated market can only be set off against certain other share income derived from shares admitted to trading on a regulated market. Further, the right of deduction is subject to the condition that certain information concerning the shares is provided to the the Danish tax authorities. Generally, such information must be provided within the tax return filing deadline, which applies to the income year where the investment was made. Unused losses will automatically be set off against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market and additional losses can be carried forward indefinitely and set off against future share income deriving from shares admitted to trading on a regulated market.

### ***Taxation of the Warrants***

Warrants, which entitle the warrant holder to subscribe for shares at a predetermined price (or price formula) at a defined point in time or within a defined period, are likely to be treated as shares for Danish tax purposes. This applies irrespective of whether the warrants are cash settled or settled by physical delivery of the shares. If the warrants are settled by physical delivery of the shares, taxation would generally not occur at settlement but upon the disposal of the shares.

Income from Warrants, which meet the above criteria, are likely to be taxed as income from shares. Please refer to the information in the foregoing section "Taxation of the Certificates" concerning the tax treatment of income from shares.

## **Limited Liability Companies with Tax Residence in Denmark**

### ***General Taxation Principles***



Limited liability companies ("Corporate Investors") are generally subject to tax on income derived from securities which are traded on a regulated market.

### ***Taxation of the Certificates***

Depending on the specific terms of the Certificates, the Certificates may be deemed to constitute bonds, financial contracts (see criteria above in the section on individuals) or shares under Danish tax law. It is assumed that any Certificates constituting shares are to be classified as taxable portfolio shares. Taxable portfolio shares mean shares, which are admitted to trading on a regulated market and which are held by a corporate investor holding less than 10% of the nominal share capital of the issuing company.

Regardless of whether the Certificates constitute bonds, financial contracts or taxable portfolio shares for Danish tax purposes, Corporate Investors would generally be subject to tax on any income from the Certificates. Tax would apply at the standard corporate income tax rate of 22% (2017 level). Further, taxation would as general rule apply on an accrual basis, meaning that taxation would occur annually on the basis of any periodic income received plus the annual increase or decrease in the value of the Certificates. However, some Corporate Investors may be able to apply taxation on a realization basis.

In general, losses on the Certificates should be tax deductible. However, restrictions may apply if the Certificates constitutes financial contracts, which are adjusted pursuant to a share index which includes shares in companies that are group related with the issuer or the investor, or a share index which includes shares in the issuing company or the investor.

### ***Taxation of the Warrants***

Warrants, which entitle the warrant holder to subscribe for shares at a predetermined price (or price formula) at a defined point in time or within a defined period, are likely to be treated as shares for Danish tax purposes. This applies irrespective of whether the warrants are cash settled or settled by physical delivery of the shares. If the warrants are settled by physical delivery of the shares, taxation would generally not occur at settlement but at the disposal of the shares.

Income from Warrants which meet the above criteria is likely to be taxed as income from taxable portfolio shares. Please refer to the information in the foregoing section "Taxation of the Certificates" concerning the tax treatment of taxable portfolio shares.

## **Taxation of Individuals and Limited Liability Companies Residing Outside Denmark**

Investors, whether natural or legal, who are not a resident in Denmark for Danish tax purposes and do not have a permanent establishment in Denmark for Danish tax purposes should not be liable to tax on any income derived from the Securities. This assessment is based on the understanding that the Issuer of the Certificates will not be resident in Denmark for Danish tax purposes and will not have a permanent establishment in Denmark for Danish tax purposes.

### **Other taxes**

No stamp, issue, registration, transfer or similar taxes or duties are imposed in Denmark in connection with the issuance, purchase or disposal of the Securities. There is no VAT on transfer of Securities in Denmark.

### **EU Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income applies amongst other matters, to payments of income on debt claims of every kind made by a paying agent in an European Union member state for the benefit of individual investors resident in another member state in the European Union. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide certain information to the tax authorities of the European Union member states in which the paying agent resides (for further distribution to the tax authorities of the European Union member states of the individual investors). A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for the beneficial owner, and may in relation to the Securities include a Danish broker effecting the sale of Securities.

## **20. Taxation in Austria**

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

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

### *Austrian residents*

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

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

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

### *Austrian corporations*

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

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

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

#### *Non-residents*

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

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

## **21. Taxation in Malta**

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

### ***General Taxation Principles***

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

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

- i) On income which arises in Malta e.g. interest on deposits arising, from Maltese banks (though this may be subject to a 15% final withholding tax, in which case the interest accrued would not be declared in the individual's income tax return), employment income from employment exercised in Malta;
- ii) On certain capital gains which arise in Malta e.g. on certain sales of securities, such as shares or stocks, in Maltese companies;

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

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

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

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

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

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

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

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

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

### ***Income Tax***

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

### ***Capital Gains***

Capital gains or profit derived by the Securityholder from the transfer of the Security may be taxable in Malta depending on the tax status of the Securityholder. Securities which are subject to capital gains tax in Malta include any shares and stocks in non-publicly listed companies which participate in any

way in the profits of a company and whose return is not limited to a fixed rate of return.

### ***Stamp Duty***

The Transfer of the Security by the Securityholder may possibly be subject to stamp duty under the Duty on Documents and Transfer Act, chapter 364 of the Laws of Malta, in the hands of the person acquiring the Security. No duty is chargeable in the hands of an acquiring Securityholder if the marketable security is held in a non-Maltese company which does not have more than 50% of its business interests in Malta, if such transfer is effected through a Maltese licensed intermediary.

## **22. Taxation in the Hellenic Republic**

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

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

### ***Withholding and Income Tax***

#### ***Non-resident holders of Securities***

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

#### ***Resident holders of Securities***

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

#### ***Individuals***

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

#### ***Legal entities***

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

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

### ***Capital gains realized from the transfer of the Securities***

#### *Non-resident holders of Securities*

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

#### *Resident holders of Securities*

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

### ***Value Added Tax***

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

### ***Inheritance Tax and Taxation on Gifts***

#### *Inheritance tax*

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

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

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

#### *Gift tax*

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

#### **Stamp Duty**

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

#### **EU Savings Directive**

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

### **23. Taxation in Cyprus**

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

#### **Introduction**

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

A person is Cyprus resident for the purposes of the Income Tax Law where, in the case of a natural person, that person is present in Cyprus for a period (or periods in aggregate) in excess of 183 days in a tax year and, in the case of a company, its management and control is exercised in Cyprus. A tax year for the purposes of the Income Tax Law coincides with the calendar year.

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

#### **Interest Income**

##### **(i) Non-Cyprus Tax Residents**

A person, whether natural or legal, who is not a Cyprus tax resident for the purposes of the Income Tax Law, as stated above, will not be liable for any income tax or for the special contribution defence tax,

as described below. Payments of interest made by the Issuer to such non Cyprus tax resident persons will not be subject to any Cyprus withholding taxes.

(ii) Cyprus tax resident individuals

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

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

(iii) Cyprus tax resident companies

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

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

***Profit from the Disposal of the Securities***

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

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

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

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

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

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

***Stamp Duty***



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

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

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

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

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

#### **24. The proposed European Financial Transaction Tax**

On 14 February 2013, the European Commission published a proposal (the **Commission Proposal**) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

Prospective Certificateholders are advised to seek their own professional advice in relation to the FTT.

#### **25. 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, "foreign passthru payments" (a term not yet defined) made after 31 December 2018. This withholding would potentially apply to payments 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 after the "grandfathering date" which (A) with respect to Securities that give rise solely to foreign passthru

payments, is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the Code as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

While the Securities are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depository for the clearing systems (as bearer or registered holder of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the 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 for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Securities.

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

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implement FATCA in Italy (the "IGA"). The FATCA agreement between Italy and the United States entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service. Please consider that if the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

## 26. U.S. Dividend Equivalent Payments

Section 871(m) of the Code and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such as equities and indices, "U.S. Underlying Equities"), unless reduced by an applicable tax treaty with the United States. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined generally upon the earlier of pricing or issuance, based on tests set forth in the applicable Treasury regulations (a "Specified Security"). Specifically, and subject to the calendar year 2017 exemption described below, Section 871(m) will apply if a financial instrument either meets (i) a "delta" test, if it is a "simple" contract, or (ii) a "substantial equivalence" test, if it is a "complex" contract. Section 871(m) provides certain exceptions to this withholding regime, in particular for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations, as well as instruments that track such indices. Withholding tax under Section 871(m) is generally applicable with respect to financial instruments issued on or after January 1, 2017, but notional principal contracts and equity-linked instruments issued in calendar year 2017 will be exempt unless they have a "delta" of one (meaning that the fair market value of the notional principal contract or equity-linked instrument must replicate changes to the value of the U.S. Underlying Equities exactly) and are "simple." If the terms of a Security issued in calendar year 2017 (that is exempt from withholding under Section 871(m)) are "significantly modified" sometime after 2017 such that the Security is treated as retired and reissued for U.S. federal income tax purposes, it will lose this exemption.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If U.S. Underlying Equities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If the Issuer or any other relevant withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

## 27. Taxation in Switzerland

The following summary is an overview of certain aspects of taxes in Switzerland relating to the taxation of the Securities issued under the Programme and is included herein solely for information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. This summary is based upon the Swiss tax laws as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Because this overview does not address all tax considerations under Swiss law and as the specific tax situation of an investor cannot be considered in this context, prospective investors are recommended to consult their personal tax advisers as to the tax consequences of the purchase, ownership, sale or redemption of and the income derived from the Securities issued under the Programme including, in particular, the effect of tax laws of any other jurisdiction.

The Swiss Federal Tax Administration has issued on 7 February 2007 a Circular Letter No. 15 in relation to bonds and derivative financial instruments subject matter of taxation of Swiss federal income tax, Swiss direct federal tax, Swiss withholding Tax and Swiss stamp duty tax ("**Circular Letter No. 15**"). The Securities issued under the Programme will be taxed in accordance with this Circular Letter No. 15 and its appendices, as updated from time to time. Depending on the qualification of the relevant Security by the competent Swiss tax authorities the taxation of each Security may be different.

### (a) Income Tax

#### *Interest and Dividend Payments or Redemption of Securities*

Swiss residents or foreign residents subject to Swiss taxation receiving interest or dividend payments or payments qualifying as interest or dividend for tax purposes, during the investment or at redemption as

accrued interest or dividends, generally must declare these distributions in the financial statement and/or in the personal tax return and owe individual or corporate income tax on the relevant amount.

*Securities are held as private assets (Privatvermögen) by investors resident in Switzerland*

Swiss resident individuals holding the Securities as part of their private assets may depending on the qualification of the Securities for tax purposes, be subject to Swiss federal, cantonal or municipal income tax on gains realized upon disposal of such Securities.

Based on the present practice of the Swiss Federal Tax Authorities, gains realized upon the disposal of such Securities by a Swiss resident investor holding Securities, which do not qualify as notes with predominant one-time interest payment as part of their private assets will generally (unless such individuals qualify as so-called "professional securities dealers") not be subject to Swiss federal, cantonal or municipal income tax. . However, any capital losses sustained in relation to private assets are not tax deductible.

Swiss resident individuals holding Securities which qualify as notes with predominant one-time interest payment, as part of their private assets will generally be subject to Swiss federal, cantonal and municipal income tax on gains realized upon disposal of such Securities. . A value decrease on the Securities realised on the sale or redemption of the Securities may be offset against any gains (including periodic interest payments) realised within the same taxation period from all financial instruments with a predominant one-time interest payment.

*Securities are held as business assets (Geschäftsvermögen) by investors resident in Switzerland*

Corporate entities and individuals who hold the Securities as part of a trade or business in Switzerland or in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Securities (irrespective of their classification for Swiss tax purposes) in their income statement for the respective tax period and will be taxed on any net taxable earnings for such period. The same taxation treatment also applies for Swiss-resident individuals who, for income tax purposes, are classified as professional securities dealers for reasons of, inter alia, frequent dealing and leveraged investments in securities.

*Securities are held by non-Swiss residents*

A holder of Securities who is not resident in Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland will not be subject to income tax in Switzerland in respect of such Securities.

(b) Gift, Inheritance and Capital Taxes

The transfer of Securities may be subject to cantonal and/or communal gift, estate or inheritance taxes if the donor is, or the deceased was, resident for tax purposes in a Swiss canton levying such taxes.

Swiss resident holders and foreign resident holders which are holding the Securities as part of a permanent establishment or fixed place of business situated in Switzerland are liable to Swiss wealth/capital taxation on Swiss cantonal and municipal level. There is no wealth/capital taxation on Swiss federal level.

(b) Withholding Tax

All payments in respect of the Securities by the non-Swiss issuer are currently not subject to Swiss withholding tax, provided that the Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

(c) Stamp Tax

Straight derivatives for tax purposes (like options and futures) do not qualify as taxable securities in the meaning of the Swiss Stamp Tax Act and are therefore not subject to Swiss transfer stamp tax.

The issuance of Securities by a foreign resident issuer is in general not subject to Swiss issuance or transfer stamp tax. The sale or transfer of Securities may be subject to Swiss transfer stamp tax at the current maximum rate of 0.3 per cent if such sale or transfer is made by or through the intermediary of a Swiss bank or other securities dealer as defined in the Swiss Stamp Tax Act and no exemption applies. The same applies in case of physical delivery of the underlying being a taxable security in the meaning of the Swiss Stamp Tax Act at exercise or redemption.

(d) Automatic Exchange of Information

Switzerland introduced in 2017 the global standard for the automatic exchange of information in tax matters ("AEOI"). To date, approximately 100 countries, including Switzerland, have committed themselves to introducing this global standard. The Swiss Federal Act on the AEOI entered into force on January 1, 2017. The AEOI is being introduced in Switzerland through bilateral agreements or multilateral agreements. Switzerland signed the Multilateral Competent Authority Agreement (the "MCAA") which is based on OECD/Council of Europe administrative assistance convention. Based on this Switzerland has signed declarations on the introduction of the AEOI with various partner states. With the European Union ("EU") Switzerland has signed a bilateral agreement on 27 May 2015 which came into force on 1 January 2017. Based on this, Switzerland and the 28 EU member states shall collect account data from 2017 onward and exchange it from 2018 onward. The OECD's AEOI standard has been included in full in the new agreement. In formal terms, the signed agreement is a protocol of amendment to replace the EU Swiss Savings Agreement that has been in force since 2005, but it includes the existing withholding tax exemption for cross-border payments of dividends, interest and royalties between certain related corporate entities.

On this basis, Switzerland will begin to collect data in respect of financial assets, including, as the case may be, Securities, held in, and income derived thereon and credited to, accounts or deposits with a financial institution in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from, depending on the effective date of the respective agreement, 2017 or 2018, as the case may be, and begin to exchange such data in 2018 or 2019, as the case may be. Prospective purchasers of the Securities should consult their advisors concerning the impact of the AEOI.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 15 June 2017. For the issue of any Series of Securities under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

### Listing, Approval and Admission to Trading

This Base Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application will be made to the Irish Stock Exchange for Securities issued under the Programme during the period of twelve months after the date hereof to be admitted to the Official List and trading on the Main Securities Market, which is a regulated market for the purposes of the Directive 2004/39/EC as amended.

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

### Programme Size

The aggregate nominal amount of Securities outstanding from time to time will not exceed € 3,000,000,000.

### Documents Available

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

- (i) the constitutional documents of the Issuer;
- (ii) the audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 2015 and the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 2015;
- (iii) the Agency Agreement and the forms of the Global Securities;
- (iv) a copy of this Base Prospectus;
- (v) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the relevant Security Agent as to its holding of Securities and identity) and any other documents incorporated herein or therein by reference; and
- (vi) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

A copy of this Base Prospectus (and the information incorporated by reference therein) has been published on the websites of the Irish Stock Exchange (<http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/ShowSecProgramme/?progID=673>) and of the Issuer (<http://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents>). Any Final Terms that are

listed on the Irish Stock Exchange will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)). Any Final Terms that are not listed on the Irish Stock Exchange but which relate to a Security which is offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published on the website of the Issuer only.

### **Clearing Systems**

Securities to be represented by a Global Security have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code, or any other security identification code, and ISIN for each issue of Securities allocated by Euroclear and Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. If the Securities of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

If the Securities of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

### **Conditions for determining price**

The price and amounts of Securities to be issued under the Programme will be determined by the Issuer and any Manager(s) at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Adverse Change**

There has been no significant change in the financial or trading position of the Issuer since 31 December 2016 and there has been no material adverse change in the prospects of the Issuer since 31 December 2016.

### **Litigation**

Save as disclosed in this Base Prospectus under "*Description of the Issuer – Legal and Arbitration Proceedings*", the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

### **Post-issuance Information**

Save as set out in any Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any underlying or any other asset or basis of reference in relation to any issue of Securities constituting Derivative Securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

### **External Auditors**

KPMG S.p.A., with registered office at Via V. Pisani, 25, 20121 Milan, was appointed by the Issuer as its independent auditor to audit its financial statements for the period 2012-2020. KPMG S.p.A. is a member of Assirevi-Associazione Nazionale Revisori Contabili, the Italian association of auditing firms. KPMG S.p.A. audited the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2015 and the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2016.

**THE ISSUER**

**Banca IMI S.p.A.**  
Largo Mattioli, 3  
20121 Milan

**PRINCIPAL SECURITY AND LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**  
60 avenue J.F. Kennedy  
L-2085 Luxembourg

**CALCULATION AGENT**

**Banca IMI S.p.A.**  
Largo Mattioli, 3  
20121 Milan  
Italy

**LEGAL ADVISERS TO THE ISSUER**

*as to English law and Italian law*  
**DLA Piper Studio Legale Tributario Associato**  
Via dei Due Macelli 66  
00187 Rome  
Italy