

## BASE PROSPECTUS



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

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

### **CERTIFICATES PROGRAMME**

Under the terms of its Certificates Programme (the **Programme**), Banca IMI S.p.A. (the **Issuer**) may from time to time issue Certificates (the **Certificates** or **Securities**) of any kind including, but not limited to, Certificates relating to a specified index or a basket of indices (**Index Securities**), a specified share or a basket of shares (**Share Securities**), a specified exchange rate or a basket of exchange rates (**Exchange Rate Securities**), a specified commodity future contract or a basket of commodity future contracts (**Commodity Futures Contract Securities**), a specified interest rate or a basket of interest rates (**Interest Rate Securities**), a specified fund or a basket of funds (**Fund Securities**), a specified commodity or a basket of commodities (**Commodity Securities**). The Securities may also be a combination of two or more of the foregoing types, in such a case each financial asset will be considered only for the calculation of a specific amount, as indicated from time to time in relation to the relevant issue (**Combined Securities**). Each issue of Certificates will be made on the terms set out herein which are relevant to such Certificates under "*Terms and Conditions of the Certificates*" (the **Conditions**) and in the form of the relevant final terms document (the **Final Terms**).

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

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

**Prospective purchasers of Certificates should ensure that they understand the nature of the relevant Certificates and the extent of their exposure to risks and that they consider the suitability of the relevant Certificates as an investment in the light of their own circumstances and financial condition. Certificates involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a loss of all or part of the purchase price of their Certificates. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Certificates and are not relying on the advice of the Issuer or, if relevant, any Manager in that regard. See "*Risk Factors*" on pages 27 to 47. The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.**

The Certificates have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws and trading in the Certificates has not been approved by the Commodity

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

The date of this Base Prospectus is 29 August 2013.

## IMPORTANT NOTICES

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

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

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

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

A description of the Final Terms is set out herein on page 152 and will specify with respect to the issue of Certificates to which it relates, *inter alia*, the specific designation of the Certificates, the aggregate number and type of the Certificates, the date of issue of the Certificates, the issue price, the credit event of the specified entity or entities to which the Certificates relate, certain other terms relating to the offering and sale of the Certificates including whether they bear remuneration and the exercise date.

The applicable Final Terms will (if applicable) contain information relating to the 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 Certificates will entitle the holder thereof to receive a cash amount from the Issuer calculated in accordance with the Conditions on such terms as are set out in the Conditions, all as set forth in the Conditions.

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

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

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

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

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

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

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

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

Certain Tranches of Certificates with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **Public Offer**. This Base Prospectus has been prepared on a basis that permits Public Offers of Certificates. However, any person making or intending to make a Public Offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Public Offer of such Certificates.

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

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

In the context of any Public Offer of Certificates, the Issuer has requested the Central Bank to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authorities of the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, France, The Netherlands, Belgium, Poland, Czech Republic, Hungary, Slovak Republic, Croatia and Slovenian Republic (the **Initial Host Member States**). In addition, the Issuer may request the Central Bank to provide a passport in relation to the passporting of the Base Prospectus to the competent authorities of the Portuguese Republic, Germany and Spain (the **Subsequent Host Member States**, and together with the Initial Host Member States, the **Host Member States**). Even though the Issuer has elected (or will elect) to passport this Base Prospectus into the Host Member States, it does not mean that it will choose to make any Public Offer in the Host Member States. Investors should refer to the Final Terms for any issue of

Certificates to see whether the Issuer has elected to make a public offer of Certificates in either the Republic of Ireland or a Host Member State (each a **Public Offer Jurisdiction**).

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

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

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

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

#### *Consent*

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

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

#### *Common Conditions to Consent*

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

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

(iii) is subject to any other conditions set out in Part B of the applicable Final Terms.

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

#### *Specific Conditions to Consent*

The conditions to the Issuer's consent are that:

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

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

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

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

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

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

- (i) during the period of the initial offering of the Certificates: (i) not sell the Certificates at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Manager); (ii) not sell the Certificates otherwise than for settlement on the Issue Date specified in the relevant Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Manager); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Certificates (unless otherwise agreed with the relevant Manager); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Manager;
- (j) either (i) obtain from each potential Investor an executed application for the Certificates, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Certificates on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (k) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Manager to breach any Rule or subject the Issuer or the relevant Manager to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (l) comply with the conditions to the consent referred to under "*Common conditions to consent*" above and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;
- (m) make available to each potential Investor in the Certificates the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus and the applicable Final Terms; and
- (n) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Manager accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Manager (as applicable), use the legal or publicity names of the Issuer or the relevant Manager or any other name, brand or logo registered by an entity within their respective groups or any

material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Certificates on the basis set out in the Base Prospectus;

- (2) agrees and undertakes to indemnify each of the Issuer and the relevant Manager (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Manager; and
- (3) agrees and accepts that:
  - (a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the **Authorised Offeror Contract**), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
  - (b) subject to (d) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a **Dispute**) and the Issuer and financial intermediary submit to the exclusive jurisdiction of the English courts;
  - (c) for the purposes of (b) above and (d) below, the financial intermediary waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;
  - (d) to the extent permitted by law, the Issuer and the Manager may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
  - (e) each relevant Manager will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for its benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

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

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

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



**HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.**

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

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

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

**This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer which is intended to permit a public offering of any Certificates or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Poland, Ireland, Czech Republic, Hungary, Slovak Republic, Croatia and Slovenian Republic) (see "*Offering and Sale*" on page 132).**

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

**This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of Certificates which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Certificates may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or publish a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance**

with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

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

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

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

## SUMMARY OF THE PROGRAMME

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

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

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

| <b>Section A – INTRODUCTION AND WARNINGS</b> |  |   |
|--|--|---|
| <b>A.1</b>                                   | <p><i>This summary should be read as an introduction to the Base Prospectus.</i></p> <p>Any decision to invest in the Certificates 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>Certain Tranches of Certificates with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Public Offer.</p> <p><b>Consent:</b> Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Certificates by (i) the Distributor(s), whose name(s) are listed in the applicable Final Terms and whose name(s) is(are) published on the Issuer’s website and identified as an Authorised Offeror(s) in respect of the relevant Public Offer; and/or (ii) any financial intermediary which is authorised to make such offers under the applicable legislation implementing Directive 2004/39/EC (MiFID) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p>"We, [insert name of financial intermediary], refer to the [insert title of relevant Certificates] (the <b>Certificates</b>) described in the Final Terms dated [insert date] (the <b>Final Terms</b>) published by Banca IMI S.p.A. (the <b>Issuer</b>). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates can be offered] (the <b>Offer</b>) in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".</p> <p>(each an <b>Authorised Offeror</b>).</p> <p><b>Offer period:</b> The Issuer's consent referred to above is given for Public Offers of Certificates during the offer period for the Certificates to be specified in the applicable Final Terms (the <b>Offer Period</b>.)</p> <p><b>Conditions to consent:</b> The conditions to the Issuer’s consent, in addition to the conditions referred to above, are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Certificates in the Relevant Member State in which the particular Tranche of Certificates can be offered, as specified in the applicable Final Terms, and (c) is valid according to any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms.</p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY CERTIFICATES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH CERTIFICATES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.</b></p> |   |
| <b>Section B – ISSUERS AND GUARANTOR</b>     |  |   |
| <b>B.1</b>                                   | <b>Legal and Commercial Name of the Issuer</b>   | Banca IMI S.p.A..   |
| <b>B.2</b>                                   | <b>Domicile/ legal Form/ legislation/ country of incorporation</b>   | The Issuer is incorporated as a società per azioni with limited liability under the laws of the Republic of Italy. The Issuer is registered with the Companies' Register of Milan under No. 04377700150. Its registered office is at Largo Mattioli 3, 20121 Milan, with telephone number +39 02 72611. |
| <b>B.4b</b>                                  | <b>Description of trends</b>   | <i>Not applicable.</i> There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.  |

| <b>B.5</b>   | <b>Description of the group of the Issuer(s)</b>  | The Issuer is a company belonging to the Intesa Sanpaolo banking group, of which Intesa Sanpaolo S.p.A. is the parent company.  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
|--|---|---|--|--|--|---------------|---------------------------------|---------------------------------|--|-----------------------|--|---------------------------|---|---|-----------------------------------|------------|------------|-------------------------------------|-----------|-----------|----------------|------------|------------|--------------------|------------|------------|---------------------|-----------|---------|--------------------|--------|--------|------------------------|-----|-----|-------------------|---------|---------|-----------|--|--|------------|---------|---------|------------|---------|---------|------------|---------|---------|-------------|---------|---------|--------------|---------|---------|---------------------|--------------------|--------------------|-------------------------------|---------------------------------|---------------------------------|--|-----------------------|--|--------------|------------|------------|------------------|-----------|-----------|-------------------|------------|------------|--|------------|------------|---|--|---------|---------------------|---------|---------|-----------------|---------|---------|------------|---------|---------|-------------|--------|-------|-------------------|---------|---------|--------------------------|-------|-------|----------------------------------|--------|--------|-------------------------------------|----|----|---------------------|--------|--------|---------------------|-----------|-----------|----------|-----------|-----------|-----------------------|---------|---------|---------------|---------|---------|--|---|---|
| <b>B.9</b>   | <b>Profit forecast/estimate</b>   | <i>Not applicable.</i> No profit forecasts or estimates have been made in the Base Prospectus.  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| <b>B.10</b>  | <b>Qualifications in the audit report</b>   | <i>Not applicable.</i> No qualifications are contained in any audit report included in the Base Prospectus.   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| <b>B.12</b>  | <b>Selected historical key information / material adverse change/ significant changes</b> | <p><b>SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER</b></p> <p>The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2011 and 2012 and certain unaudited consolidated selected income statement and selected balance sheet figures for the three months ending 31 March 2013 have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's consolidated financial statements in respect of those dates and periods:</p> <table border="1" data-bbox="375 667 1465 2060"> <thead> <tr> <th colspan="3"><i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i></th> </tr> <tr> <th><b>Assets</b></th> <th><b>31<br/>December<br/>2012</b></th> <th><b>31<br/>December<br/>2011</b></th> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td> </tr> </thead> <tbody> <tr><td>Cash and cash equivalents</td><td>3</td><td>3</td></tr> <tr><td>Financial assets held for trading</td><td>69,259,238</td><td>59,622,811</td></tr> <tr><td>Available-for-sale financial assets</td><td>6,714,432</td><td>6,745,435</td></tr> <tr><td>Due from banks</td><td>56,403,295</td><td>56,635,055</td></tr> <tr><td>Loans to customers</td><td>17,398,110</td><td>14,012,386</td></tr> <tr><td>Hedging derivatives</td><td>1,091,276</td><td>988,621</td></tr> <tr><td>Equity investments</td><td>13,535</td><td>10,070</td></tr> <tr><td>Property and equipment</td><td>751</td><td>752</td></tr> <tr><td>Intangible assets</td><td>194,183</td><td>194,216</td></tr> <tr><td>of which:</td><td></td><td></td></tr> <tr><td>- goodwill</td><td>194,070</td><td>194,070</td></tr> <tr><td>Tax assets</td><td>294,160</td><td>541,901</td></tr> <tr><td>a) current</td><td>101,558</td><td>217,507</td></tr> <tr><td>b) deferred</td><td>192,602</td><td>324,394</td></tr> <tr><td>Other assets</td><td>423,522</td><td>467,732</td></tr> <tr><td><b>Total Assets</b></td><td><b>151,792,505</b></td><td><b>139,218,982</b></td></tr> <tr><td><b>Liabilities and Equity</b></td><td><b>31<br/>December<br/>2012</b></td><td><b>31<br/>December<br/>2011</b></td></tr> <tr><td></td><td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td></tr> <tr><td>Due to banks</td><td>42,471,641</td><td>42,145,742</td></tr> <tr><td>Due to customers</td><td>7,602,384</td><td>4,479,861</td></tr> <tr><td>Securities issued</td><td>32,764,994</td><td>32,907,923</td></tr> <tr><td>Financial liabilities held for trading</td><td>64,004,171</td><td>54,717,953</td></tr> <tr><td>Financial liabilities at fair value through profit and loss</td><td></td><td>684,942</td></tr> <tr><td>Hedging derivatives</td><td>674,160</td><td>680,992</td></tr> <tr><td>Tax liabilities</td><td>392,734</td><td>318,490</td></tr> <tr><td>a) current</td><td>366,462</td><td>315,905</td></tr> <tr><td>b) deferred</td><td>26,272</td><td>2,585</td></tr> <tr><td>Other liabilities</td><td>372,892</td><td>458,523</td></tr> <tr><td>Post-employment benefits</td><td>8,727</td><td>7,930</td></tr> <tr><td>Provisions for risks and charges</td><td>23,680</td><td>16,423</td></tr> <tr><td>a) pensions and similar obligations</td><td>12</td><td>12</td></tr> <tr><td>b) other provisions</td><td>23,668</td><td>16,411</td></tr> <tr><td>Fair value reserves</td><td>(105,866)</td><td>(392,234)</td></tr> <tr><td>Reserves</td><td>1,396,770</td><td>1,132,179</td></tr> <tr><td>Share premium reserve</td><td>581,260</td><td>581,260</td></tr> <tr><td>Share capital</td><td>962,464</td><td>962,464</td></tr> <tr><td>Equity attributable to non-controlling interests (+/-)</td><td>-</td><td>-</td></tr> </tbody> </table> | <i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i> |  |  | <b>Assets</b> | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |  | <i>(EUR thousand)</i> |  | Cash and cash equivalents | 3 | 3 | Financial assets held for trading | 69,259,238 | 59,622,811 | Available-for-sale financial assets | 6,714,432 | 6,745,435 | Due from banks | 56,403,295 | 56,635,055 | Loans to customers | 17,398,110 | 14,012,386 | Hedging derivatives | 1,091,276 | 988,621 | Equity investments | 13,535 | 10,070 | Property and equipment | 751 | 752 | Intangible assets | 194,183 | 194,216 | of which: |  |  | - goodwill | 194,070 | 194,070 | Tax assets | 294,160 | 541,901 | a) current | 101,558 | 217,507 | b) deferred | 192,602 | 324,394 | Other assets | 423,522 | 467,732 | <b>Total Assets</b> | <b>151,792,505</b> | <b>139,218,982</b> | <b>Liabilities and Equity</b> | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |  | <i>(EUR thousand)</i> |  | Due to banks | 42,471,641 | 42,145,742 | Due to customers | 7,602,384 | 4,479,861 | Securities issued | 32,764,994 | 32,907,923 | Financial liabilities held for trading | 64,004,171 | 54,717,953 | Financial liabilities at fair value through profit and loss |  | 684,942 | Hedging derivatives | 674,160 | 680,992 | Tax liabilities | 392,734 | 318,490 | a) current | 366,462 | 315,905 | b) deferred | 26,272 | 2,585 | Other liabilities | 372,892 | 458,523 | Post-employment benefits | 8,727 | 7,930 | Provisions for risks and charges | 23,680 | 16,423 | a) pensions and similar obligations | 12 | 12 | b) other provisions | 23,668 | 16,411 | Fair value reserves | (105,866) | (392,234) | Reserves | 1,396,770 | 1,132,179 | Share premium reserve | 581,260 | 581,260 | Share capital | 962,464 | 962,464 | Equity attributable to non-controlling interests (+/-) | - | - |
| <i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i> |   |   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| <b>Assets</b>  | <b>31<br/>December<br/>2012</b>   | <b>31<br/>December<br/>2011</b>   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
|  | <i>(EUR thousand)</i>   |   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Cash and cash equivalents  | 3   | 3   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Financial assets held for trading  | 69,259,238  | 59,622,811  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Available-for-sale financial assets  | 6,714,432   | 6,745,435   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Due from banks   | 56,403,295  | 56,635,055  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Loans to customers   | 17,398,110  | 14,012,386  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Hedging derivatives  | 1,091,276   | 988,621   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Equity investments   | 13,535  | 10,070  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Property and equipment   | 751   | 752   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Intangible assets  | 194,183   | 194,216   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| of which:  |   |   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| - goodwill   | 194,070   | 194,070   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Tax assets   | 294,160   | 541,901   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| a) current   | 101,558   | 217,507   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| b) deferred  | 192,602   | 324,394   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Other assets   | 423,522   | 467,732   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| <b>Total Assets</b>  | <b>151,792,505</b>  | <b>139,218,982</b>  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| <b>Liabilities and Equity</b>  | <b>31<br/>December<br/>2012</b>   | <b>31<br/>December<br/>2011</b>   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
|  | <i>(EUR thousand)</i>   |   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Due to banks   | 42,471,641  | 42,145,742  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Due to customers   | 7,602,384   | 4,479,861   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Securities issued  | 32,764,994  | 32,907,923  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Financial liabilities held for trading   | 64,004,171  | 54,717,953  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Financial liabilities at fair value through profit and loss  |   | 684,942   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Hedging derivatives  | 674,160   | 680,992   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Tax liabilities  | 392,734   | 318,490   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| a) current   | 366,462   | 315,905   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| b) deferred  | 26,272  | 2,585   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Other liabilities  | 372,892   | 458,523   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Post-employment benefits   | 8,727   | 7,930   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Provisions for risks and charges   | 23,680  | 16,423  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| a) pensions and similar obligations  | 12  | 12  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| b) other provisions  | 23,668  | 16,411  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Fair value reserves  | (105,866)   | (392,234)   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Reserves   | 1,396,770   | 1,132,179   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Share premium reserve  | 581,260   | 581,260   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Share capital  | 962,464   | 962,464   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |
| Equity attributable to non-controlling interests (+/-)   | -   | -   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |

|   |  |                                 |                                 |
|---|--|---------------------------------|---------------------------------|
|   | Profit for the year  | 642,494                         | 516,534                         |
|   | <b>Total Liabilities and Equity</b>  | <b>151,792,505</b>              | <b>139,218,982</b>              |
| <i>Audited Consolidated Income Statements for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i>                   |  |                                 |                                 |
|   |  | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|   |  | <i>(EUR thousand)</i>           |                                 |
|   | Interest and similar income  | 2,382,980                       | 2,190,204                       |
|   | Interest and similar expense   | (1,815,889)                     | (1,627,472)                     |
|   | <b>Net interest income</b>   | <b>567,091</b>                  | <b>562,732</b>                  |
|   | Fee and commission income  | 399,258                         | 343,313                         |
|   | Fee and commission expense   | (178,332)                       | (84,906)                        |
|   | <b>Net fee and commission income</b>   | <b>220,926</b>                  | <b>258,407</b>                  |
|   | Dividends and similar income   | 334,347                         | 367,932                         |
|   | Profits (Losses) on trading  | 246,636                         | (57,335)                        |
|   | Profit (Losses) on hedging   | 17,467                          | 2,818                           |
|   | Profits (Losses) on disposal or repurchase of:   | 114,034                         | 45,059                          |
|   | a) <i>loans and receivables</i>  | 3,499                           | 9,551                           |
|   | b) <i>available-for-sale financial assets</i>  | 123,954                         | 29,053                          |
|   | c) <i>held-to-maturity investments</i>   | -                               | -                               |
|   | d) <i>financial liabilities</i>  | (13,419)                        | 6,455                           |
|   | Profits (Losses) on financial assets and liabilities at fair value through profit and loss | (25,062)                        | 883                             |
|   | <b>Total income</b>  | <b>1,475,439</b>                | <b>1,180,496</b>                |
|   | Impairment losses/reversal of impairment losses on:  | (110,549)                       | (50,013)                        |
|   | a) <i>loans and receivables</i>  | (105,228)                       | (29,648)                        |
|   | b) <i>available-for-sale financial assets</i>  | -                               | -                               |
|   | c) <i>held-to-maturity investments</i>   | -                               | -                               |
|   | d) <i>other financial assets</i>   | (5,321)                         | (20,365)                        |
|   | <b>Net financial income</b>  | <b>1,364,890</b>                | <b>1,130,483</b>                |
|   | <b>Net banking and insurance income</b>  | <b>1,364,890</b>                | <b>1,130,483</b>                |
|   | Administrative expenses  | (350,581)                       | (315,745)                       |
|   | a) <i>personnel expenses</i>   | (131,760)                       | (112,264)                       |
|   | b) <i>other administrative expenses</i>  | (218,821)                       | (203,481)                       |
|   | Net accruals to provision for risks and charges  | (16,000)                        | (14,300)                        |
|   | Depreciation and net impairment losses on property and equipment                           | (358)                           | (403)                           |
|   | Amortisation and net impairment losses on intangible assets                                | (31)                            | (42)                            |
|   | Other operating income (expenses)  | 4,771                           | 3,451                           |
|   | <b>Operating expenses</b>  | <b>(362,199)</b>                | <b>(327,039)</b>                |
|   | Net gains on sales of equity investments   | 4,396                           | 1,704                           |
|   | <b>Pre-tax profit from continuing operations</b>   | <b>1,007,087</b>                | <b>805,148</b>                  |
|   | Income tax expense   | (364,593)                       | (288,614)                       |
|   | <b>Post-tax profit from continuing operations</b>  | <b>642,494</b>                  | <b>516,534</b>                  |
|   | <b>Profit for the year</b>   | <b>642,494</b>                  | <b>516,534</b>                  |
|   | Profit (loss) attributable to non-controlling interests                                    | -                               | -                               |
|   | <b>Profit attributable to the owners of the parent</b>                                     | <b>642,494</b>                  | <b>516,534</b>                  |
| <i>Consolidated Income Statement Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the three months ending 31 March 2012</i> |  |                                 |                                 |
|   |  | <b>31 March 2013</b>            | <b>31 March 2012</b>            |
|   |  | <i>(EUR thousand)</i>           |                                 |

|   |  | <table> <tbody> <tr> <td>Net interest income</td> <td>130,579</td> <td>168,109</td> </tr> <tr> <td>Total income</td> <td>371,774</td> <td>475,365</td> </tr> <tr> <td>Operating expenses</td> <td>92,410</td> <td>91,351</td> </tr> <tr> <td>Net financial income</td> <td>322,471</td> <td>458,449</td> </tr> <tr> <td>Pre-tax profit from continuing operations</td> <td>230,919</td> <td>367,936</td> </tr> <tr> <td>Profit for the period</td> <td>145,036</td> <td>235,090</td> </tr> </tbody> </table>   | Net interest income | 130,579       | 168,109          | Total income | 371,774       | 475,365 | Operating expenses | 92,410   | 91,351   | Net financial income | 322,471  | 458,449  | Pre-tax profit from continuing operations | 230,919 | 367,936 | Profit for the period | 145,036  | 235,090  |              |           |           |            |         |         |               |       |       |
|---|--|--|---------------------|---------------|------------------|--------------|---------------|---------|--------------------|----------|----------|----------------------|----------|----------|---|---------|---------|-----------------------|----------|----------|--------------|-----------|-----------|------------|---------|---------|---------------|-------|-------|
| Net interest income                       | 130,579  | 168,109  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Total income                              | 371,774  | 475,365  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Operating expenses                        | 92,410   | 91,351   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Net financial income                      | 322,471  | 458,449  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Pre-tax profit from continuing operations | 230,919  | 367,936  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Profit for the period                     | 145,036  | 235,090  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
|   |  | <p><b>Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the year ending 31 December 2012</b></p> <table> <thead> <tr> <th></th> <th>31 March 2013</th> <th>31 December 2012</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2" style="text-align: center;">(EUR million)</td> </tr> <tr> <td>Net investments</td> <td>24,079.1</td> <td>22,653.2</td> </tr> <tr> <td>Net revenue</td> <td>26,800.6</td> <td>26,435.7</td> </tr> <tr> <td>Indirect revenue</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>Financial assets</td> <td>72,211.9</td> <td>75,973.7</td> </tr> <tr> <td>Total assets</td> <td>151,489.8</td> <td>151,792.5</td> </tr> <tr> <td>Net equity</td> <td>3,604.0</td> <td>3,477.1</td> </tr> <tr> <td>Share Capital</td> <td>962.5</td> <td>962.5</td> </tr> </tbody> </table> <p><b>Statements of no significant or material adverse change</b><br/>There has been no significant change in the financial or trading position of the Issuer since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.</p> |                     | 31 March 2013 | 31 December 2012 |              | (EUR million) |         | Net investments    | 24,079.1 | 22,653.2 | Net revenue          | 26,800.6 | 26,435.7 | Indirect revenue                          | 0.0     | 0.0     | Financial assets      | 72,211.9 | 75,973.7 | Total assets | 151,489.8 | 151,792.5 | Net equity | 3,604.0 | 3,477.1 | Share Capital | 962.5 | 962.5 |
|   | 31 March 2013  | 31 December 2012   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
|   | (EUR million)  |  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Net investments                           | 24,079.1   | 22,653.2   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Net revenue                               | 26,800.6   | 26,435.7   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Indirect revenue                          | 0.0  | 0.0  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Financial assets                          | 72,211.9   | 75,973.7   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Total assets                              | 151,489.8  | 151,792.5  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Net equity                                | 3,604.0  | 3,477.1  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| Share Capital                             | 962.5  | 962.5  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>B.13</b>                               | <b>Recent events</b>   | <i>Not applicable.</i> There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>B.14</b>                               | <b>Dependence upon other group entities</b>  | The Issuer is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A., which is the parent company of the Intesa Sanpaolo banking group, to which the Issuer belongs.  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>B.15</b>                               | <b>Principal activities of the Issuer</b>  | The Issuer is a banking institution established under the laws of the Republic of Italy engaged in investment banking activities. The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into four business divisions: <i>Capital Markets, Finance &amp; Investments, Investment Banking and Structured Finance.</i>   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>B.16</b>                               | <b>Control of Issuer</b>   | The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>Section C – SECURITIES</b>             |  |  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>C.1</b>                                | <b>Type and class of securities being offered / Security identification number</b> | <p>Each issue of Securities will on issue be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable either, in accordance with its terms, for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.</p> <p>The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and shall be construed in accordance with, English Law.</p> <p>The ISIN of the Certificates will be specified in the applicable Final Terms.</p>  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>C.2</b>                                | <b>Currency</b>  | Euro, U.S. dollars or any other currency or currencies selected by the Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issuer may issue Securities in respect of which the Cash Amount and/or Remuneration Amount may be payable, as specified in the applicable Final Terms, in one or more currencies (" <b>Settlement Currency</b> " as specified in the applicable Final Terms) which may be different from the currency in which the Issue Price was denominated (" <b>Issue Currency</b> " as specified in the applicable Final Terms) (the <b>Dual Currency Securities</b> ).  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>C.5</b>                                | <b>Restrictions on free transferability</b>  | There are restrictions on the offer, sale and transfer of the Securities in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, the Czech Republic, Hungary, Ireland, Poland, the Slovak Republic, Croatia and the Slovenian Republic) and such other restrictions as may be required in connection with the offering and sale of a particular series of Securities.  |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |
| <b>C.8</b>                                | <b>Description of rights and ranking</b>   | <p><u>SETTLEMENT AT EXERCISE DATE</u></p> <p>Each Certificate 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 (if applicable).</p>   |                     |               |                  |              |               |         |                    |          |          |                      |          |          |   |         |         |                       |          |          |              |           |           |            |         |         |               |       |       |

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|      |   | <p><u>DIGITAL AMOUNT(S)</u></p> <p>Upon the occurrence of one or more Digital Event(s) as specified more fully in the applicable Final Terms, the Certificates will entitle their holders to receive from the Issuer on the Digital Payment Date(s) the relevant Digital Amount(s).</p> <p><u>EARLY REDEMPTION AMOUNT(S)</u></p> <p>Upon the occurrence of an Early Redemption Event (if applicable pursuant to the relevant Final Terms), the Certificates will be redeemed before the Exercise Date originally scheduled and the Securityholders will receive from the Issuer on the Early Payment Date the Early Redemption Amount.</p> <p><u>INTERNAL RETURN AMOUNT(S)</u></p> <p>If so specified in the applicable Final Terms, each Certificate may pay an Internal Return Amount calculated on the performance of the specific Underlying indicated in the Final Terms. Such performance will be annualised for each Annual Valuation Date.</p> <p><u>PLUS AMOUNT(S)</u></p> <p>If so specified in the applicable Final Terms, each Certificate pays remuneration from and including the Issue Date payable in arrears on each Remuneration Payment Date.</p> <p><u>RANKING</u></p> <p>The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves and (save for certain obligations required to be performed by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.</p> |
| C.11 | <b>Trading of Certificates</b>  | <p>Application has been made to the Central Bank to approve this document as a base prospectus. Application has also been made to the Irish Stock Exchange for Securities issued under the Programme to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List of the Irish Stock Exchange.</p> <p>The Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the Issuer.</p> <p>The applicable Final Terms will state whether or not the relevant Securities are to be listed and/or admitted to trading and if so, on which stock exchange(s) and/or market(s).</p>   |
| C.15 | <b>Description of how the value of the investment is affected by the value of the underlying</b>                | <p>Underlying means, for each Series:</p> <p>(i) in the case of Certificates linked to one or more financial asset(s), the Share, the Index, the Commodity, the Commodity Futures Contract, the Exchange Rate, the Interest Rate and the Fund, as specified in the applicable Final Terms;</p> <p>(ii) in the case of Spread Certificates, two or more financial assets selected from the following Underlyings: Shares, Indexes, Commodities, Commodity 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;</p> <p>(iii) in the case of Certificates linked to a Basket (as defined above), a Basket composed respectively of Shares, Indices, Commodities, Futures Contracts on Commodities, Exchange Rates, Interest Rates or Funds (each a Basket Constituent and indicated from time to time in the relevant Final Terms).</p> <p>In particular, the Certificates 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 (if the Underlying is a Basket).</p>   |
| C.16 | <b>The expiration or maturity date of the derivative securities – the exercise date or final reference date</b> | <p>Each Certificate shall be automatically exercised on the Exercise Date.</p> <p>Otherwise, they may be redeemed before the Exercise Date upon the occurrence of an Early Redemption Event if an Early Redemption Level is set out in the applicable Final Terms.</p> <p>The Exercise Date will be specified in the applicable Final Terms.</p>  |
| C.17 | <b>Settlement procedure</b>   | <p>The Issuer shall pay or cause to be paid the relevant Cash Amount (if any) for each Certificate by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the Settlement Date, less any Expenses not already paid, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be.</p> <p>The Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment.</p> <p>Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of</p>  |



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|------|--|--|
|      |  | the Code or otherwise imposed pursuant to FATCA.   |
| C.18 | Description of how the return on derivative securities takes place | <p style="text-align: center;"><b>DIGITAL AMOUNT(S)</b></p> <p>A possible feature of the Certificates is represented by the Digital Event that will occur, in the relevant Digital Valuation Period(s), if the value of the Underlying is lower, equal to or higher than (as indicated in the relevant Final Terms) the Digital Level.</p> <p>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.</p> <p>A Determination Method of the Digital Event will be specified in the applicable Final Terms for the following:</p> <p>a) <u>Single Level Option</u>, if a single Digital Level has been provided for all the Digital Valuation Periods. Such Digital Level may be an increasing value, a decreasing value, or a variable value in relation to each applicable Digital Valuation Period;</p> <p>b) <u>Multiple Level Option</u>, if several Digital Levels in relation to the relevant Digital Valuation Period have been provided. In such case, in relation to each Digital Valuation Period, the relevant Final Terms will indicate the value of the "First Digital Level", the "Second Digital Level" and so on.</p> <p>In particular, if the value of the Underlying, in the relevant Digital Valuation Period, is lower, equal to or higher (as indicated in the relevant Final Terms) than the Digital Levels, the investor will receive the relevant Digital Amount; or</p> <p>c) <u>Cliquet Feature</u>, if the Digital Level is represented by a percentage of the Reference Value of the Underlying determined during the relevant Digital Valuation Period. In such case, 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.</p> <p>In relation to the Spread Certificates, for the calculation of the Digital Amount, reference will be made to the Spread that indicates the difference between the performances of two financial activities (two shares or two indexes, etc.). Therefore, the Digital Level will be a percentage predetermined in the relevant Final Terms. In such case, the Digital Event will occur only if the Spread between Performance A and Performance B is lower, equal to or higher than the Digital Level.</p> <p><b><u>Specific calculation procedures in relation to the Digital Amounts</u></b></p> <p>Specific calculation procedures of the payable Digital Amount during the life of the Certificates may be provided jointly or separately in the relevant Series:</p> <p><u>Consolidation Effect</u></p> <p>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.</p> <p>In particular, if several Digital Valuation Periods have been provided and the value of the Underlying is lower, equal to or higher than the Consolidation 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 Consolidation Valuation Period, the Digital Level will automatically occur without further determinations for all Digital Valuation Periods following such Consolidation Valuation Period.</p> <p>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.</p> <p>In relation to the Spread Certificates, for the calculation of the Digital Amount, reference will be made to the Spread that indicates 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 such 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, equal to or higher (as indicated in the relevant Final Terms) than the Consolidation Level; and/or</p> <p><u>Memory Effect</u></p> <p>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.</p> <p>In particular, if several Digital Valuation Periods have been provided and the value of the Underlying is lower, 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) by a Memory Valuation Period, the investor will receive the previously unpaid Digital Amount (or the Digital Amounts) in the event that a Digital Event has not occurred.</p> <p>In relation to the Spread Certificates, for the calculation of the Digital Amount reference will be made to the so-called Spread that is a difference between the performances of two finance 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, equal to or higher than the Memory Level (as indicated in the relevant Final Terms).</p> <p><u>Deactivation of the Digital Amount(s)</u></p> |

If so specified in the relevant Final Terms, the Certificates may provide the so-called "Knock-out" feature, which is a deactivation option of the Digital Amounts eventually payable during the life of the Certificates. In particular, if the value of the Underlying (or the Spread in event of Spread Certificates) during a Knock-out Valuation Period is lower, equal to or higher (as indicated in relevant Final Terms) than the relevant Knock-out Level (such event a "**Knock-out Event**"), the investor may not benefit from the payment of any Digital Amount during the Digital Valuation Periods following the Knock-out Valuation Period in which the Knock-out Event has occurred.

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 Certificates) in addition to the Digital Level. The investors will be notified in the event of a Knock-out Event through a notice published on the website of the Issuer [www.bancaimi.com](http://www.bancaimi.com).

*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 the occurrence of the Digital Event(s) in the previous Digital Valuation Period(s). 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) that have occurred from the first Digital Valuation Period (included) until the Digital Valuation Period on which such Digital Amount is calculated.

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**EARLY REDEMPTION AMOUNT**

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 value of the Underlying (or of the Spread in the case of Spread Certificates) in relation to an Early Redemption Valuation Period is lower, equal to or higher than the Early Redemption Level (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 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).

If several Early Redemption Amounts are provided, the Final Terms will indicate the value or the relevant calculation methods in the relation to the "Early Redemption Amount in relation to the First Early Redemption Period", the "Early Redemption Amount in relation to the Second Early Redemption Period" and so on.

\*\*\*\*

**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 Exercise Date, to receive an additional amount which is not linked to the performance of the Underlying. The payment of such Plus Amount(s) does not affect the provisions for the calculation of the Digital Amount(s) provided by the relevant Final Terms.

\*\*\*\*

**INTERNAL RETURN AMOUNT(S)**

The Final Terms may also specify Internal Return Amount(s) as applicable. In this case, the Internal Return Amount will be linked to the performance of the Underlying and calculated on such performance which is annualised in relation to each Annual Valuation Date. Otherwise,

**if the relevant Final Terms provide a IRA Cap:**

In this case, the Internal Return Amount is calculated on the performance of the Underlying which is annualised in relation to each Annual Valuation Date, but it will be subject to a maximum amount represented by the IRA Cap.

\*\*\*\*

**CASH SETTLEMENT AMOUNT**

**CALCULATION METHOD IN THE CASE OF POSITIVE AND NEGATIVE PERFORMANCE OF THE UNDERLYING – (NO BARRIER LEVEL APPLICABLE)**

The Securityholder will receive on the Settlement Date for each Minimum Exercise Amount payment of the Cash Settlement Amount (if positive).

In the event of Non Quanto Certificates, 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.

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:

**A. STANDARD CERTIFICATES**

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**

**(a) MAX LONG CERTIFICATES**

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 increasing performance of the Underlying depending on the Participation Factor.

**If the relevant Final Terms provide a Cap Level:**

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.

**(b) MAX SHORT CERTIFICATES**

In relation to such type, the Securityholder 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.

**If the relevant Final Terms provide a Cap Level:**

In such case, 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 Level multiplied by the multiplier.

**C. SPREAD CERTIFICATES**

**(a) TYPE A SPREAD CERTIFICATES**

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.

**(b) TYPE B SPREAD CERTIFICATES**

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.

**If the relevant Final Terms provide a Cap Level (only in relation to Type B Spread Certificates):**

In such case, 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 Level.

**D. SWITCH CERTIFICATES**

In relation to such type, the formula for the calculation of the Cash Settlement Amount will depend on the occurrence of the Digital Event. If a Digital Event has occurred, the calculation procedure of the Cash Settlement Amount will be the same as the Standard Certificates; otherwise, if a Digital Event has not occurred, the calculation procedure of the Settlement Amount will be the same to the Max Long Certificates or the Max Short Certificates pursuant to the Final Terms. In particular:

**(1) If the Digital Event has occurred during the life of the Certificates**

In such case, the investor will receive at the maturity an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms. Consequentially, at least the payment of a percentage of the invested capital as specified in the Final Terms will be granted.

**(2) If the Digital Event has not occurred during the life of the Certificates**

**(a)** In such case,, 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 opportunity of receiving a higher amount participating to the increasing performance of the Underlying depending on the Participation Factor.

**If the relevant Final Terms provide a Cap Level:**

In such case, the amount that the investor will receive at the maturity will be equal to or higher than the percentage of the Initial Reference Value multiplied by the multiplier set out by the Issuer in the relevant Final Terms but in any case will not exceed the Cap Level multiplied by the multiplier.

**or, alternatively,**

**(b)** In such case, 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.

**If the relevant Final Terms provide a Cap Level:**

In such case, 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 but in any case will not exceed the Cap Level multiplied by the multiplier.

**E. GROWTH & INCOME CERTIFICATES**

In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount (if any) depending on the Participation Factor equal to the difference between: (i) the amount deriving from the positive performance of the Underlying and (ii) the sum of the Digital Amounts paid during the life of the Certificates the "**Digital Sum**"). Such further amount, where negative, in any case will not affect the invested capital that will be paid back at the maturity.

**If the relevant Final Terms provide a Cap Level:**

In such case,, the investor will receive at the maturity the capital invested plus an amount (if any) depending on the Participation Factor equal to the difference between: (i) the amount deriving from the positive performance of the Underlying, and (ii) the Digital Sum. Such further amount, where negative, in any case will not interfere on the invested capital that will be paid back on the Settlement Date. 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.

**F. TWIN WIN CERTIFICATES**

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

In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount equal to the positive performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable regardless of whether a Barrier Event has occurred, provided that on the Valuation Date the Final Reference Value is higher than or equal to the Initial Reference Value.

**If the relevant Final Terms provide a Cap Level:**

In such case, the investor will receive on the Settlement Date the capital invested plus an amount equal to the positive performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable regardless of the occurrence of the Barrier Event, provided that on the Valuation Date the Final Reference Value is higher than, or equal to, the Initial Reference Value. 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 (and the Barrier Event, if applicable, has not occurred):**

In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount equal to the negative 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.

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**CALCULATION METHOD IN THE CASE OF NEGATIVE PERFORMANCE OF THE UNDERLYING – WITH A BARRIER LEVEL (BARRIER CERTIFICATES)**

**(1) BARRIER LEVEL IN THE CASE OF STANDARD CERTIFICATES, MAX LONG CERTIFICATES, SWITCH CERTIFICATES, TWIN WIN CERTIFICATES AND GROWTH & INCOME CERTIFICATES**

In relation to Standard Certificates, Max Long Certificates, Switch Certificates, Twin Win Certificates and Growth & Income 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 the following formula:

**(i) WITHOUT PROTECTION LEVEL, AIR BAG FACTOR OR SIGMA 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 might be exposed to the total or partial loss of the capital invested.

**(ii) WITH A PROTECTION LEVEL (PROTECTED CERTIFICATES)**

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 the Protection Level.

**(iii) IN ABSENCE OF A PROTECTION LEVEL AND WITH THE AIR BAG FACTOR (AIR BAG CERTIFICATES)**

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. Consequentially, 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.

**(iv) IN ABSENCE OF A PROTECTION LEVEL AND WITH THE SIGMA AMOUNT (SIGMA CERTIFICATES)**

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.

(2) **BARRIER LEVEL IN THE CASE OF SPREAD CERTIFICATES**

In relation to the Spread Certificates, if **a Barrier Level has been provided (indicated as a percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formula:

(i) **WITH THE LIMITED LOSS PERCENTAGE**

In such case, the amount that the investor will receive on the Settlement Date will depend on the Limited Loss Percentage set out in the relevant Final Terms by the Issuer;

(ii) **WITHOUT THE LIMITED LOSS PERCENTAGE AND WITH THE SPREAD PROTECTION**

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 Protection Spread.

(iii) **WITHOUT THE LIMITED 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*

In such case, the investor will receive on the Settlement Date an amount directly linked to the Spread (i.e. the differential registered between the performance of the Underlying A and the performance of the Underlying B) and therefore the investor might be exposed to the total or partial loss of the capital invested; or

b. *Amount linked to the performance of the Underlying A*

In such 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 might be exposed to the total or partial loss of the capital invested; or

c. *Amount linked to the performance of the Underlying B*

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 might be exposed to the total or partial loss of the capital invested.

(3) **BARRIER LEVEL IN THE CASE OF MAX SHORT CERTIFICATES**

In relation to the Max Short Certificates, if **a Barrier Level has been provided (indicated as a percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formulas:

(i) **WITH THE SHORT PROTECTION (PROTECTED CERTIFICATES)**

In such case, the protection of the capital invested will depend on the amount that will be set out by the Issuer as the Short Protection.

(ii) **WITHOUT THE SHORT PROTECTION**

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 might be exposed to the total or partial loss of the capital invested.

The following options 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, the Early Redemption Amount (if applicable) and the Digital Amount, the Calculation Agent selects 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) best performance compared with the other underlying assets.

**Worst Of Feature**

For the calculation of the Settlement Amount, the Early Redemption Amount (if applicable) and the Digital Amount, the Calculation Agent selects 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) worst performance compared with the other underlying assets.

*Series with a Basket as Underlying*

**Combo Feature**

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) in relation to each Basket Constituent. 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.

**Rainbow Feature**

Unlike the instruments linked to one or more underlying asset(s), the Issuer will indicate in the Final Terms: (i) the

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|             |  | <p>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 <b>three</b> 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).</p> <p>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.</p> <p>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>Such option shall not apply to the Spread Certificates.</p> |
| <b>C.19</b> | <b>Exercise price or final reference price of the underlying</b>       | The exercise price of the Underlying will be determined in accordance with the type of underlying asset pursuant to the definition of the Reference Value. The Final Reference Value and the Initial Reference Value, or the method of calculating of such values, will be specified in the applicable Final Terms.   |
| <b>C.20</b> | <b>Type of underlying and where the information on it can be found</b> | <p>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), commodity future contract (or basket of commodity futures contracts) (each a "Reference Item").</p> <p>The Reference Item(s) as well as the relevant source of information, will be stated in the applicable Final Terms.</p>  |

#### *Section D – RISKS*

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| <b>D.2</b> | <b>Key risks specific to the Issuer</b>     | <p>There are certain factors that may affect each Issuer's ability to fulfil its obligations under the Certificates issued under the Programme. These include the following risk factors:</p> <p>(i) Banca IMI's business could be adversely affected by international markets and economic conditions;</p> <p>(ii) Recent disruptions and volatility in the global and Euro-zone financial markets may adversely impact Banca IMI's business;</p> <p>(iii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect Banca IMI's business and results of operations;</p> <p>(iv) Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy;</p> <p>(v) Banca IMI's business is exposed to counterparty credit risk;</p> <p>(vi) Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance;</p> <p>(vii) Banca IMI's business is exposed to settlement risk and transfer risk;</p> <p>(viii) Banca IMI's business is exposed to market risk;</p> <p>(ix) Banca IMI's business is exposed to increasing competition in the financial services industry;</p> <p>(x) Banca IMI's business is exposed to liquidity risk;</p> <p>(xi) Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate;</p> <p>(xii) Banca IMI's business is exposed to operational risks;</p> <p>(xiii) Banca IMI's business is exposed to Reputational Risk;</p> <p>(xiv) Legal risks;</p> <p>(xv) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject;</p> <p>(xvi) Regulatory claims may arise in the conduct of the Banca IMI's business;</p> <p>(xvii) Banca IMI is exposed to risk of changes in tax legislation as well as to increases in tax rates; and</p> <p>(xviii) Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses.</p> |
| <b>D.6</b> | <b>Key risks specific to the securities</b> | <p>An investment in relatively complex securities such as the Certificates involves a greater degree of risk than investing in less complex securities. In some cases, investors may stand to lose the value of their entire investment or part of it. 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</p>   |

potential investor's overall investment portfolio.

(ii) Option Risk

The Certificates are derivative financial instruments which may include an option right. Transactions in options involve a high level of risk.

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

(i) 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.

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

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.

(iii) Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in the underlying asset which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner.

(iv) Certain Considerations Associated with Share Securities

In the case of Securities relating to a share (or basket of shares), 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.

(v) Certain Considerations Associated with Exchange Rate Securities

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.

(vi) Certain Considerations Associated with Fund Securities

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.

(vii) Certain Considerations Associated with Commodity Securities and Commodity Future Contracts Securities

The yield on Securities which are linked to commodity futures contracts may not be perfectly correlated to the trend in the price of the underlying commodities, as the use of commodity futures contracts generally involves a rolling mechanism. Investors may only marginally benefit from any rise or fall in the price of the commodities.

(viii) 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.

(ix) 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.

(x) 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.

(xi) 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.

(xii) 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) (Cap Level).

In such case, the amounts payable to investors will be subject to the predetermined maximum.

(xiii) Risk of loss 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), if a Barrier Event occurs, a loss will occur in respect of the capital invested.

(xiv) Risk related to a Protection Level lower than 100% (if applicable)

The Certificates may provide a Protection Level (not applicable to the Spread Certificates). The Protection Level represents the protection percentage of the Issue Price of the Certificate and that the Cash Settlement Amount will not fall below such Protection Level. The lower the Protection Level 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.

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

The investment in Certificates 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 Certificates. In particular, in the event that the underlying reference currency is other than the Settlement Currency, the return of the Certificate without a Quanto Option might be negative as the value of the underlying asset (or the Cap Level, if applicable) 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 Cap Level (if applicable) 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 Level.

(xvi) 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 (in 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.

(xvii) Risk related to the Participation Factor (in case of Max (Long/Short) Certificates, Spread Certificates and Growth & Income Certificates)

The Cash Settlement Amount will be calculated in relation to the Participation Factor, that is a value predetermined by the Issuer in the relevant Final Terms which may be lower, equal to or higher than 100%. Therefore, such Participation Factor will determine the potential return of the Certificates.

(xviii) 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 the Digital Event will not occur and therefore that the relevant Digital Amount will not be paid. 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 Spread Certificates, 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 two financial assets.

(xix) Risk related to the Knock-out Level (if applicable)

In the event that the underlying asset reaches (or the Spread in the case of Spread Certificates) the Knock-out Level in a Knock-out Valuation Period, a Knock-out Event will occur and the Digital Amounts provided in relation to the Digital Valuation Periods following such Knock-out Valuation Period will be deactivated.

(xx) Risk related to the occurrence of an Early Redemption Event (if applicable)

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 (or of the Spread, in the case of Spread Certificates) but it will be composed of an amount in the Settlement Currency determined by the Issuer in the relevant Final Terms.

(xxi) Risk related to the Barrier Event (if applicable)

If a Barrier Event is applicable under the relevant Final Terms, the possibility of obtaining a predetermined minimum return is limited only to the case where, in the case of negative performance of the underlying asset (or of the Spread, in the case of Spread Certificates) at the maturity, a Barrier Event has not occurred during the Barrier Event Observation Period. If a Barrier Event occurs, such circumstance has a negative influence on the price.

(xxii) Risk related to the Limited Loss option (if applicable, in the case of Spread Certificates)

In relation to the Spread Certificates, the Limited Loss option may be also included together with the Barrier Level. The lower the Limited Loss Percentage the smaller the Cash Settlement Amount that the investor will receive on the Settlement Date.

(xxiii) Risk related to the Best Of and Worst Of Features

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

(xxiv) 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.

• **Risks Related to Securities Generally**

(i) Modification



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

(ii) 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.

(iii) U.S. Foreign Account Tax Compliance Withholding

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities are uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to "foreign pass-through payments" are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

(iv) Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the **HIRE Act**) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

(v) 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.

(vi) Illegality and Cancellation

If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge the Issuer's obligations under any Securities have become illegal, in whole or in part for any reason, the Issuer may cancel 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.

(vii) 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.

(viii) 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.

(ix) EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments.

• **Risks Related to the Market Generally**

(x) 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.

(xi) 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.

(xii) 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.

(xiii) 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 delist the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain an

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|  |  | <p>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.</p> <p><u>(xiv) Exchange rate risks and exchange controls</u></p> <p>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.</p> <ul style="list-style-type: none"> <li>• <b>Legal Risks</b></li> </ul> <p><u>(i) Legal investment considerations may restrict certain investments</u></p> <p>Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Securities.</p> <p><u>(ii) No reliance</u></p> <p>None of the Issuer, the Managers, if any, or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities.</p> <p><u>(iii) Disclaimers</u></p> <p>Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.</p> |
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**Section E – OFFER**

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| <b>E.2b</b> | <b>Reasons for the offer and use of proceeds</b> | The Issuer intends to use the net proceeds from each issue of Certificates for general corporate purposes, including making a profit. A substantial portion of the proceeds may be used to hedge market risks with respect to the Certificates. If in respect of any particular issue of Certificates, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.                            |
| <b>E.3</b>  | <b>Terms and conditions of the offer</b>         | Securities may be issued on a continuous basis and may be distributed by way of private or public placement as specified in the applicable Final Terms. If distributed by way of public placement, the placement activities will be carried out by distributors appointed from time to time as indicated in the relevant Final Terms. If the applicable Final Terms so specify, Securities may be distributed to one or more Managers. |
| <b>E.4</b>  | <b>Material interests in the offer</b>           | If in respect of any particular issue of Certificates, there are particular material interests with respect to the issue and/or offer of the Certificates, these will be stated in the applicable Final Terms.   |
| <b>E.7</b>  | <b>Estimated expenses</b>                        | If in respect of any particular issue of Certificates, there are fees specifically charged to purchasers of the Certificates, these will be stated in the applicable Final Terms.  |

## RISK FACTORS

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

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

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

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

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

Banca IMI's business may be adversely affected by conditions in the global financial markets and economic conditions generally both in Italy and internationally. Factors such as the liquidity of the global financial markets; the level and volatility of equity and bond prices; interest rates and commodities prices; investor sentiment; inflation; and the availability and cost of credit can significantly affect Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Banca IMI makes provisions for loan losses in accordance with IFRS; however, the provisions made are based on available information, estimates and assumptions and are subject to uncertainty, and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. Adverse changes in the credit quality of Banca IMI's borrowers or a decrease in collateral values, are likely to affect the recoverability and value of Banca IMI's assets and require an increase in Banca IMI's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect Banca IMI's financial performance. In particular, Banca IMI's exposure to corporate customers is subject to adverse changes in credit quality should the economic environment in the Banca IMI's markets deteriorate. Further, actual loan losses vary over the business cycle. A significant increase in the size of the Banca IMI's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Banca IMI's business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Under the European Capital Requirements Directive (comprising Directive 2006/48/EC and Directive 2006/49/EC (the "**CRD**")), Banca IMI, as member of the Intesa Sanpaolo banking group, is required to maintain certain capital adequacy ratios. In addition, the Basel Committee on Banking Supervision has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on 16 December 2010 ("**Basel III**"). As of the date of this Base Prospectus, the CRD is in the process of being reformed to reflect the Basel III framework, including higher capital requirements.

Debt and equity investors, analysts and other market professionals may, nevertheless, require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase Banca IMI's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its results of operations, financial condition and liquidity. In addition, lower internal credit rating of customers, substantial market volatility, widening credit spreads, changes in the general capital adequacy regulatory framework or regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of underlying assets, or further deterioration of the economic environment, among other things, could result in an increase in Banca IMI's risk weighted assets, which potentially may

reduce Banca IMI's capital adequacy ratios. If Banca IMI were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations.

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

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

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

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

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

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

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

#### ***Legal risks***

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

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

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



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

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

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

The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect Banca IMI. Significant uncertainty remains around the final requirements and implementation of the proposed initiatives. Such initiatives include, but are not limited to, requirements for liquidity, capital adequacy and handling of counterparty risks, regulatory tools provided to authorities to allow them to intervene in scenarios of distress and the introduction of a common system of financial transaction tax in the euro area. If certain of these measures were implemented as currently proposed, they would be expected to have a significant impact on the capital and asset and liability management of Banca IMI and costs involved could have a material adverse effect on the Banca IMI's business, financial condition and results of operations.

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

In particular, Basel III will be implemented in the European Economic Area by way of a proposed European Council Directive known as the Capital Requirements Directive and the direct application of a European Parliament and Council regulation (the "CRR") in each Member State of the European Economic Area (the "**Capital Requirements Directive**" and, together with the CRR, the "**CRD IV**").

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

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

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

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

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

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

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

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

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

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

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

Each potential investor in the Certificates must determine the suitability of 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, Commodity Futures Contract Securities, Interest Rate Securities, Exchange Rate Securities, Fund Securities, Commodity 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.

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

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

#### ***General risks and risks relating to the 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 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), commodity futures contract (or basket of commodity futures contracts), as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Security upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the 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), commodity futures contract (or basket of commodity 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 commodity futures contract or value of the basket of commodity futures contracts will affect the value of the Commodity Futures Contract 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 commodity future contracts, as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Securities other than the Securities to which the particular Final Terms relate. At any given time, the number of Securities outstanding may be substantial. Securities provide opportunities for investment and pose risks to investors as a result of 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) specified in the applicable Final Terms.

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

The Cash Settlement Amount at any time prior to expiration is typically expected to be less than the trading price of such Securities at that time. The difference between the trading price and the Cash 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 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), commodity future contract (or basket of commodity future contracts) as specified in the applicable Final Terms. Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Securities varies with the 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), commodity future contract (or basket of commodity future contracts) as specified in the applicable Final Terms, as well as by a number of other interrelated factors, including those specified herein.

Before selling Securities, Securityholders should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value 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), commodity future contract (or basket of commodity future contracts) as specified in the applicable Final Terms, (iii) the time remaining to expiration, (iv) 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), commodity future contract (or basket of commodity future contracts) as specified in the applicable Final Terms 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), commodity future contract (or basket of commodity future contracts) which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the 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. In the case of Securities relating to a share (or basket of shares), 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 (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 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 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.

#### *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 Commodity Securities and Commodity Futures Contract Securities*

An investment in Commodity 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 commodity futures contracts may not be perfectly correlated to the trend in the price of the underlying commodities, as the use of commodity futures contracts generally involves a rolling mechanism. This means that any commodity futures contracts which expire prior to the relevant payment date under the applicable Commodity Securities are replaced with commodity futures contracts that have a later expiry date. Investors may, therefore, only marginally benefit from any rise or fall in the price of the commodities.

In addition, the trend of commodity futures contracts may differ significantly from that of the commodity spot markets. The trend in the price of a commodity 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.

#### *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 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) (*Cap Level*).

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), in the event a Barrier Event 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.

*Risk related to a Protection Level lower than 100% (if applicable)*

The Certificates may provide the Protection Level (not applicable to the Spread Certificates). The Protection Level represents the protection percentage of the Issue Price of the Certificate and that the Cash Settlement Amount will not fall below such Protection Level. The lower the Protection Level 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. In particular, in the event that the Final Reference Value is lower than the Protection Level, the Settlement Amount will be calculated as the product between the Protection Level (calculated as a percentage of the Initial Reference Value) and the Multiplier and Minimum Exercise Amount. Therefore, if the Final Reference Value is lower than the Protection Level the investment in the Certificates will be subject to the risk of partial loss of the capital invested.

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

The investment in Certificates 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 Certificates. If the Underlying Reference Currency of the underlying asset is other than the Settlement Currency, the Cash Settlement Amount will be exchanged in the Settlement Currency at the applicable exchange rate. In particular, in the event that the underlying reference currency is other than the Settlement Currency, the return of the Certificate without a Quanto Option might be negative as the value of the underlying asset (or the Cap Level, if applicable) 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 Cap Level (if applicable) 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 Level. 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 Certificates 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 Certificates with the Quanto Option.

*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 a Digital Event as well as a Barrier Event (if applicable) 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 (in case of Max (Long/Short) Certificates, Spread Certificates and Growth & Income Certificates)*

In relation to the Max (Long/Short) Certificates, Type B Spread Certificates and Growth & Income Certificates, the Cash Settlement Amount will be calculated in relation to the Participation Factor which is a value predetermined by the Issuer in the relevant Final Terms that may be lower, equal to or higher than 100%. Therefore, such Participation Factor causes the potential return of the Certificates. If it is lower than 100%, the investor will partially benefit from the positive performance in the value of the underlying asset (or of the Spread in the case of Spread Certificates).

*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 Spread Certificates, for the purpose of determining the Digital Level that will be indicated as an independent percentage of 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.

*Risk related to the Knock-out Level (if applicable)*

In relation to the Knock-Out Certificates, a Knock-Out Level will be set in the relevant Final Terms. In the event that the underlying asset reaches (or the Spread in the case of Spread Certificates) the Knock-out Level in a



Knock-out Valuation Period, a Knock-out Event will occur and the Digital Amounts provided in relation to the Digital Valuation Periods following such Knock-out Valuation Period will be deactivated.

*Risk related to the occurrence of an Early Redemption Event (if applicable)*

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 (or of the Spread in the case of Spread Certificates) in relation to the Cash Settlement Amount (which in that moment might be increasing) but it will be composed of an amount in the Settlement Currency determined by the Issuer in the relevant Final Terms.

It is not indifferent for the investor whether the Early Redemption Event occurs in an Early Redemption Valuation Period in the first year of life of the Certificates or later. In fact, when the Early Redemption Events occurs, the greater the time to the maturity and the greater the annual return of the Early Redemption Amount paid to the investor in relation to the Certificates which are terminated.

*Risk related to the Barrier Event (if applicable)*

The Barrier Event indicates the achievement by the underlying asset of a value equal to, higher than or lower than the Barrier Level in the Barrier Event Observation Period (or on a Valuation Date), as specified in the relevant Final Terms. If a Barrier Event is applicable under the relevant Final Terms, the possibility of obtaining a predetermined minimum return is limited only to the case where, in the event of negative performance of the underlying asset (or of the Spread in the case of Spread Certificates) at the maturity, a Barrier Event has not occurred during the Barrier Event Observation Period. If a Barrier Event occurs, such circumstance has a negative influence on the price.

If a Barrier Event occurs at any time during the Barrier Event Observation Period, such event will entail the loss of the protection of the capital and therefore the investor will be exposed to the performance of the underlying asset (or of the Spread in the case of Spread Certificates) and to the total or partial loss of the investment. Furthermore, in the case of the sale of the financial instrument, the investor might be subject to the loss of the value of the certificate and, consequentially, to the risk of total or partial loss of the investment.

The Securityholder shall consider that the occurrence of a Barrier 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 and therefore a Barrier Event will occur. In relation to the Certificates to be issued, the Issuer might set, at its own discretion, a Barrier Level more or less higher than the Initial Reference Value of the relevant underlying asset.

*Risk related to the Limited Loss option (if applicable, in the case of Spread Certificates)*

In relation to the Spread Certificates, the Limited Loss option may be also included together with the Barrier Level. If the Spread is equal to or lower than the Barrier Event in the Barrier Event Observation Period (or on a Valuation Date) and a Barrier Event has occurred, the Cash Settlement Amount will depend on the Limited Loss Percentage indicated by the Issuer in the relevant Final Terms. Consequently, the lower the Limited Loss Percentage the smaller the Cash Settlement Amount that the investor will receive on the Settlement Date.

*Risk related to the Best Of and Worst Of Features*

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.

***Risks Related to Certificates generally***

*Modification*

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

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

### *Expenses and Taxation*

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

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

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

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

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

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Securities should consult their own tax advisers on how these rules may apply to payments they receive under the Securities.

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

#### *Legislation Affecting Dividend Equivalent Payments*

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

#### *Other taxation considerations*

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

#### *Illegality and Cancellation*

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

#### *Change of law*

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

#### *Potential Conflicts of Interest*

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

present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Securities.

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

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

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

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

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

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

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

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

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

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

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

If Securities are distributed by means of a public offer, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or other entities specified in the Final Terms may have the right to withdraw the

offer, which in such circumstances will be deemed to be null and void according to the terms indicated in the relevant Final Terms.

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

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

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

The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation. The Issuer or any of its Affiliates may, but is not obliged to, be a market-maker for an issue of Securities. Even if the Issuer or such other entity is a market-maker for an issue of Securities, the secondary market for such Securities may be limited. To the extent that an issue of Securities becomes illiquid, an investor may have to wait until the Exercise Date to realise value.

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

#### *Listing of Securities*

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

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

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

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

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

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

### ***Legal Risks***

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

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

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

#### *No reliance*

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

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

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



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

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

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

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

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

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

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

## OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the Summary and the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Securities, the applicable Final Terms. The Issuer may determine that Securities shall be issued in a form other than that contemplated in the Terms and Conditions, in which 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>                                | Certificates Programme   |
| <b>Certain Restrictions</b>                        | Each issue of Securities denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Offering and Sale</i> ").  |
| <b>Principal Security Agent and Listing Agent:</b> | BNP Paribas Securities Services, Luxembourg Branch   |
| <b>Calculation Agent:</b>                          | The Issuer or such other calculation agent specified in the applicable Final Terms.  |
| <b>Settlement Currencies:</b>                      | Euro, U.S. dollars or any other currency or currencies selected by the Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issuer may issue Securities in respect of which the Cash Amount and/or Remuneration Amount may be payable, as specified in the applicable Final Terms, in one or more currencies which may be different from the currency in which the Issue Price was denominated ( <b>Dual Currency Securities</b> ).  |
| <b>Issue Price:</b>                                | Securities may be issued at such a price as shall be determined by the Issuer or any Manager appointed in respect of the issue subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issue Price will be specified in the applicable Final Terms.  |
| <b>Form of Securities:</b>                         | Each issue of Securities will, on issue, be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable, in accordance with its terms, either for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg. |
| <b>Type of Securities:</b>                         | The Issuer may issue Certificates ( <b>Securities</b> ) including Index Securities, Share Securities, Exchange Rate Securities, Commodity Futures Contract Securities, Fund Securities, Interest Rate Securities, Commodities Securities and Combined Securities, as specified below.  |

Remuneration may be payable in respect of Certificates, if so specified in the applicable Final Terms.

|   |  |
|---|--|
| <b>Settlement:</b>                            | Settlement will be by cash payment.  |
| <b>Index Securities:</b>                      | The amounts in respect of Index Securities will be calculated by reference to a single index or basket of indices.   |
| <b>Share Securities:</b>                      | The amounts in respect of Share Securities will be calculated by reference to a single share or basket of shares.  |
| <b>Currency Securities:</b>                   | The amounts in respect of Currency Securities will be calculated by reference to a single currency or basket of currencies.  |
| <b>Exchange Rate Securities:</b>              | The amounts in respect of Exchange Rate Securities will be calculated by reference to a single exchange rate or basket of exchange rates.  |
| <b>Commodity Futures Contract Securities:</b> | The amounts in respect of Commodity Futures Contract Securities will be calculated by reference to a single commodity future contract or a basket of commodity future contracts.   |
| <b>Interest Rate Securities:</b>              | The amounts in respect of Interest Rate Securities will be calculated by reference to a single interest rate or a basket of interest rates.  |
| <b>Commodity Securities:</b>                  | The amounts in respect of Commodity Securities will be calculated by reference to a single commodity or a basket of commodities.   |
| <b>Fund Securities:</b>                       | The amounts in respect of Fund Securities will be calculated by reference to units or shares in a single fund or a basket of funds.  |
| <b>Combined Securities:</b>                   | The Cash Settlement Amount and the Early Redemption Amount (if any) in respect of Combined Securities will be calculated by reference to a financial asset which will be different from the financial asset which will be relevant for the calculation of the other amount(s) (such as the Digital Amount(s) or the Internal Return Amount(s), as specified in the applicable Final Terms) in relation to the same issue. Furthermore, where the applicable Final Terms provide more Digital Amount(s) and/or Internal Return Amount(s), each Digital Amount and/or Internal Return Amount may be calculated by reference to a different financial asset in respect of each Digital Valuation Period and/or Annual Valuation Date.   |
| <b>Return on the Securities</b>               | <p>Certificates entitle the holder to payment on the Settlement Date of the Cash Settlement Amount, and on the Digital Payment Date of the Digital Amount(s) if the Digital Event(s) has(have) occurred.</p> <p>If an Early Redemption Level is provided in the applicable Final Terms, the Certificates may be automatically exercised before the Exercise Date, on the occurrence of an Early Redemption Event. In such a case, the Securityholder will receive on the Early Redemption Payment Date, the Early Redemption Amount.</p> <p>If so specified in the relevant Final Terms, Internal Return Amount(s) will be payable in relation to the Certificates.</p> <p>Furthermore, Plus Amount(s) may be payable in respect of Certificates, if so specified in the applicable Final Terms.</p> |
| <b>Exercise of the Securities:</b>            | Each Certificate shall be automatically exercised on the Exercise  |

Date, unless an Early Redemption Event occurred (if applicable). 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.

**Status of the Securities:**

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

**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, 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 29 August 2013 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) between the Issuer and BNP Paribas Securities Services, Luxembourg Branch as principal security agent (the **Principal Security Agent**, which expression shall include any successor principal security agent and, together with any additional security agents appointed pursuant to Clause 14 of the Agency Agreement, the **Security Agents**, which expression shall include any additional or successor security agents).

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

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

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

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

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

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

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

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

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

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

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

### **(A) *Type***

The Securities are Index Securities, Share Securities, Exchange Rate Securities, Commodity Futures Contract Securities, Fund Securities, Interest Rate 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 12.

The applicable Final Terms will indicate which amount(s) other than the Cash Settlement Amount and the Digital Amount(s) (on the occurrence of a Digital Event) shall be payable in respect of the Certificates.

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

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

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

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

For so long as the Securities are represented by a Global Security, all transactions (including transfers of Securities) in the open market or otherwise must be effected through an account at Euroclear or

Clearstream, Luxembourg, subject to and in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg (as the case may be).

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Security Agent from time to time and notified to the Securityholders in accordance with Condition 7.

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

## 2. Status of the Securities

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

## 3. Definitions

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

**Air Bag Factor** means the numerical value, in any case higher than 1, specified in the Final Terms relating to each Series;

**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;

**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, directly or indirectly, the Internal Return Amount to the Securityholders. 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, (i) on the relevant Valuation Date or (ii) during the Barrier Event Determination Period(s), the Reference Value of one or more underlying asset(s) (or of the Spread in the case of Spread Certificates), as calculated in accordance with the terms of the relevant Final Terms, is equal to, higher than or lower than the Barrier Level 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 indicate in the relevant Final Terms the occurrence of the Barrier Event in relation to one or more Underlying and consequently the Final Terms will indicate the Barrier Level for each Underlying.

The Barrier Level will be promptly communicated to the Securityholders pursuant to Condition 7;

**Barrier Event Determination Period(s)** means the period(s) composed of one or more Exchange Business Day(s) as specified from time to time in relation to each Series in the relevant Final Terms.

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.

In any case, such Exchange Business Day shall not be postponed beyond the eighth Exchange Business Day following the Exchange Business Day initially specified;

**Barrier Level** means, if applicable under the relevant Final Terms, the value determined as a percentage of the Initial Reference Value of the Underlying (or in the case of Spread Certificates calculated as an independent percentage) which determines the occurrence of the Barrier Event (as indicated in the relevant Final Terms). The Calculation Agent will determine the Barrier Level (i) on each Valuation Date or (ii) in the Barrier Determination Period, as specified from time to time in the relevant Final Terms.

The Barrier Level will be specified in the relevant Final Terms. In the case of Best Of Feature and Worst Of Feature, the Issuer will indicate in the relevant Final Terms whether a Barrier Event has occurred in relation to one or more Underlying(s), in which case the Barrier Level for each Underlying will be indicated in the Final Terms;

**Basket** means a portfolio composed of two or more Shares, two or more Indices, two or more Commodities, two or more Commodity Futures Contracts, two or more Exchange Rates, two or more Interest Rates, two or more Funds, 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 information in relation of the weight of each Basket Constituent related to the same Basket (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 Performance** means, in the case of a Rainbow Feature, the performance of each Basket Constituent:

(i) at the Exercise Date:

$$\frac{FRV}{IRV} - 1$$

Where:

"**FRV**" means the Final Reference Value of the Basket Constituent,

"**IRV**" means the Initial Reference Value of the Basket Constituent,

(ii) during the life of the Certificates:

$$\frac{RV}{IRV} - 1$$

Where:

"**RV**" means the Reference Value of the Basket Constituent, and

"**IRV**" means the Initial Reference Value of the Basket Constituent;

**Best Of Feature** means the calculation method, if applicable pursuant to the relevant Final Terms, for the calculation of the Settlement Amount, the Early Redemption Amount (if applicable), the Internal Return Amount (if applicable) and the Digital Amount, where the Calculation Agent selects– the Best Of Underlying that 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;



**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, at the maturity, the Best Of Underlying for the calculation of the Cash Settlement Amount and the investors will be informed pursuant to Condition 7. 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;

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

**Calculation Agent** means Banca IMI S.p.A.;

**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;

**Calculation of the Basket Level** means the method used by the Calculation Agent to determine the value of the Basket of Shares, the Basket of Indices, the Basket of Commodities, the Basket of Commodity Futures Contracts, the Basket of Exchange Rates or the Basket of Funds in order to measure the Reference Value;

In particular, at any time, the Basket level 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 or, in the case of an admission to trading, is the Issue Date, and multiplied for the relevant weighting of each Basket Constituent comprised in the same Basket, in accordance with the following formula:

$$Basket_t = \sum_{i=1}^n \frac{C_t^i}{C_0^i} \times W^i$$

Where:

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

"**C<sub>t</sub><sup>i</sup>**" is the Basket Constituent "i" value at time "t",

"**C<sub>0</sub><sup>i</sup>**" is the Basket Constituent "i" value at time "0",

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

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

**Cap Level** means a value expressed in the Underlying Reference Currency and calculated as the product between the Cap Percentage and the Initial Reference Value.

In relation to the Spread Certificates, the Cap Level will be expressed as an independent percentage value and, therefore, the Cap Percentage will not be included in the Final Terms.

The Cap Level will be indicated by the Issuer, in relation to the relevant Series, in the relevant Final Terms;

**Cap Percentage** means, in relation to the Cap Level, the percentage indicated in the relevant Final Terms;

**Cash Settlement Amount** means the amount which the Securityholder is entitled to receive on the Settlement Date in the Settlement Currency in relation to each such Security as determined by the Calculation Agent pursuant to the provisions in the applicable Final Terms and Condition 17. 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;

**Cliquet Feature** means the Determination Method, if so specified by the Issuer in the relevant Final Terms, of the Digital Level pursuant to which the Calculation Agent will update the Digital Level determining the Reference Value of the Underlying (or of the Spread in the case of Spread 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 7;

**Closing Price** means, in relation to the American, Asian or European Shares, the price recorded in the Reference Source as the official closing price;

**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, Commodity Futures Contract Securities, Fund Securities, Interest Rate Securities and Commodities Securities;

**Combo Feature** means, in relation to Certificates linked to two or more Underlyings constituting 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 and the Knock-out Level) in relation to each Basket Constituent. However, for the purpose of the calculation of the Cash Settlement Amount, the Internal Return Amount (if applicable) 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;

**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 Futures Contract** means, in respect of each Series, either as single or as a Basket Constituent, the commodity future contract specified as Underlying in the relevant Final Terms. In the case of Certificates on Commodity Futures Contract, the lifetime of such instruments will reflect the lifetime of the related underlying futures;

**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 value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, 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 value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, equal to or higher than Consolidation Level (as indicated in the relevant Final Terms), the Securityholder will be notified pursuant to Condition 7;

**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, in the case of Spread Certificates by an independent percentage value.

In the event that the Calculation Agent determines that the value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, 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) in which the Calculation Agent determines if the value of the Underlying (or the Spread in the case of Spread Certificates) is lower, 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;

**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. 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 dates on which the Initial Reference Value is calculated by the Calculation Agent (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 the Determination Date, in the case of a Basket, does not fall on an Exchange Business Day for one or more Basket Constituent(s), the next Determination Date will be the immediately following Exchange Business Day (which shall be an Exchange Business Day for all the Basket Constituents);

**Determination Method** means the "Single Level Option", the "Multiple Level Option" and the Cliquet Feature" pursuant to Condition 17;

**Digital Amount(s)** means, for each Series of Certificates, 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 Day per each Minimum Exercise Amount pursuant to Condition 17;

**Digital Event** means, in relation to each Series of Certificates, the event occurring when the Calculation Agent determines that, in a Digital Valuation Period indicated by the Issuer, the value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, equal to or higher 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 communicated to the Securityholders pursuant to Condition 7;

**Digital Level** means one or more value(s) determined from time to time in the relevant Final Terms in relation to the relevant Digital Valuation Period(s).

The Digital Level is represented by a percentage of the Initial Reference Value of the Underlying or in relation to the Spread Certificates by an independent percentage value.

For the purposes of the Digital Event, 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 Valuation Period. If there are several Digital Levels, the Issuer will indicate in the relevant Final Terms, in relation to the relevant Digital Valuation Period, the First Digital Level, the Second Digital Level and so on;

**Digital Payment Date(s)** means one or more Business Day(s) on which the Issuer shall pay, directly or indirectly, the Digital Amount to the Securityholders.

The Digital Payment Day 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 Sum** means, in relation to the Growth & Income Certificates, the sum of the Digital Amounts paid during the life of the Certificates, as defined in Condition 17. The amount of such sum will be promptly communicated to the Securityholder pursuant to Condition 7;

**Digital Valuation Period** means, in relation to each Series, the period(s) (composed of one or more Exchange Business Day(s), as indicated in the Final Terms) in which the Calculation Agent determines if the value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, equal to or higher than the Digital Level on the basis of the specific Determination Methods of such level indicated in the Final Terms. 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 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;

**Disrupted Day** means any Exchange Business Day on which a Market Disruption Event has occurred;

**Down Participation Factor** means, in relation to the Twin Win Certificates, the percentage indicated in the Final Terms of each Series;

**Early Payment Date** means the Business Day on which the Issuer shall pay, directly or indirectly, the Early Redemption Amount to the Securityholders.

The Early Payment Date falls no later than ten Business Days following the last Exchange Business Day of the Early Redemption Valuation Period;

**Early Redemption Amount** is an amount denominated in Euro, that will be 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) (or of the Spread in the case of Spread Certificates) as determined pursuant to the terms set out from time to time in the relevant Final Terms is lower, equal to or higher than the relevant Early Redemption Level, as specified from time to time in the relevant Final Terms.

In case of Best Of Feature or Worst Of Feature, the Issuer will indicate in the relevant Final Terms the occurrence of a Barrier Event in relation to one or more Underlying(s) and consequentially the Final Terms will indicate one or more Early Redemption Level(s) for each Underlying.

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 the last Exchange Business Day during the Early Redemption Valuation Period on which the Early Redemption Event has occurred. The Securityholders will be notified of the Early Redemption Event pursuant to Condition 7; **Early Redemption 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 Early Redemption Valuation Period in the relevant Final Terms from time to time.

In case of Spread Certificates, the Early Redemption Level is represented by an independent percentage value indicated from time to time in the relevant Final Terms in relation to each Early Redemption Valuation Period.

In case of Best Of Feature or Worst Of Feature, the Issuer will indicate in the relevant Final Terms whether an Early Redemption Event has occurred in relation to one or more Underlyings, in which case the Final Terms will indicate one or more Early Redemption Level(s) for each Underlying;

**Early Redemption Valuation Period** means the period (or the periods) composed of one or more Exchange Business Day(s), as specified in the relevant Final Terms, on which the Calculation Agent determines if the Reference Value (as indicated in the relevant Final Terms) is equal to, or higher than the Early Redemption Level and therefore determining whether an Early Redemption Event has occurred.

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;

**Exchange** means:

- (a) in respect of Index Securities and in relation to an Index which is not specified in the applicable Final Terms as being a Designated Multi-Exchange Index, each exchange or quotation system specified as such for such Index 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 Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities or commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange);
- (b) in respect of Index Securities and in relation to an Index which is specified in the applicable Final Terms as being a Designated Multi-Exchange Index, in respect of each component security of that Index (each an **Index Constituent**), the principal stock exchange on which such Index Constituent is principally traded, as determined by the Calculation Agent; and

- (c) in respect of Share Securities and in relation to a Share, each exchange or quotation system specified as such for such Share 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 Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share 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) *Commodity Futures Contract Securities:*

any day on which the Commodity 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 Exchange Traded Funds: any day on which the closing auction price relating to each Exchange Traded 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 Certificates, 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 any currency other than the Indian Rupee, making reference to the exchange rate (fixing) between the Underlying Reference Currency and the Settlement Currency determined by the European Central Bank at 14:15 (CET) and published on the Bloomberg Page “Euro Foreign Exchange Reference Rates” on ECB <go> or on the website [www.ecb.int/starts/exchange](http://www.ecb.int/starts/exchange) (or as determined by the Calculation Agent on or about 14:15). In relation to the Indian Rupee, the Exchange Rate is determined by the Calculation Agent making reference to the exchange rate (fixing) between the Underlying

Reference Currency and the Settlement Currency as determined by the Reserve Bank of India and published on the Valuation Date at 14:30 (Bombay time) on Reuters page <RBIB>.

In the event that on the Valuation Date the Exchange Rate is not determined as per above, it will be determined by the Calculation Agent as the average of the quotations of the relevant Exchange Rate obtained by Calculation Agent on or about 16:30 (Milan time) on the Valuation Date from, through the "Dealing 2000" system, three banks or leading investments companies acting in the exchange rates market at the sole discretion of the Calculation Agent;

**Exercise Date** means, in respect of each Series, the Exchange Business Day on which the Certificates 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;

**Final Reference Value** means an amount 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 amount corresponding to the Reference 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 financial asset ; or
- (B) the amount corresponding to the arithmetic mean of the Reference Value of the single Underlying, ascertained by the Calculation Agent on the Valuation Dates set out in the relevant Final Terms, and determined pursuant to the following formula:

$$FRV = \frac{1}{x} \times \sum_{j=1}^x Underlying_j$$

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 Reference Value of the Underlying as calculated on the Valuation Date " j ";

- (C) the amount corresponding to the maximum Reference Value (or the minimum Reference Value in the case of Max Short Certificates) 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;

**If the Underlying is a Basket:**

- (A) the amount corresponding to the Basket Reference Value on the Valuation Date, as ascertained by the Calculation Agent (pursuant to the terms set out in the foregoing definition of "Calculation of the Basket Level") and without considering possible changes published at a later stage in relation to the Basket Level; or
- (B) the amount corresponding to the sum of the arithmetic means of the Reference Value of each Basket Constituent, ascertained by the Calculation Agent on each Valuation Date set out in the relevant Final Terms, divided by the arithmetic means of the Reference Value of each Basket Constituent, ascertained by the Calculation Agent on each Determination Date specified in the

relevant Final Terms, and multiplied by the relevant weighting of the single Basket Constituents within the same Basket, in accordance with the following formula:

$$Basket = \frac{\sum_{i=1}^n \frac{1}{x} \times \sum_{j=1}^x C_j^i}{\sum_{i=1}^n \frac{1}{y} \times \sum_{t=1}^y C_t^i} \times W^i$$

Where

" **Basket** " is the Final Reference Value of the Basket,

" *x* " is the number of Valuation Dates specified as such in the relevant Final Terms,

" *y* " is the number of Determination Dates specified as such in the relevant Final Terms,

"  $C_j^i$  " is the value of the Basket Constituent "*i*" calculated on the Valuation Date "*j*",

"  $C_t^i$  " is the value of the Basket Constituent "*i*" calculated on the Determination Date "*t*",

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

"*n*" is the number of the Basket Constituent; or

- (C) the amount corresponding to the maximum Reference Value (or the minimum Reference Value in the case of Max Short Certificates) recorded in relation to the Basket during one or more Final Reference Value Determination Period(s), ascertained by the Calculation Agent (pursuant to the terms specified in the foregoing definition of "Calculation of the Basket Level") 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;

**Fund** means, in respect of each Series:

- (i) Italian Undertakings for Collective Investment in Transferable Securities (*organismo d'investimento collettivo del risparmio "UCITS"*) set up pursuant to Directive 85/611/EEC as amended from time to time; and
- (ii) *Exchange Traded Fund* ("**ETF**") (a) Italian or foreign, or (b) if an application for listing to the SeDeX market is made, listed in the European regulated markets and regulated by Directives 2001/107/EC and 2001/108/EC, which will be specified from time to time in the relevant Final Terms;

**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;

**Index** means, either as single or as a basket Constituent, the Italian or foreign indices (share indices, currency indices, bond indices, inflation indices, fund indices (including ETF indices), – volatility indices and interest rate indices) constituting the Underlying from time to time and as specified in the relevant Final Terms;

**Initial Percentage** means, for each Series of Certificates, the percentage indicated in the relevant Final Terms;



**Initial Reference Value** means, without prejudice to the adjustments set out in the Terms and Conditions, as specified in the relevant Final Terms, an amount 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 amount corresponding to the Reference Value of the single Underlying as ascertained by the Calculation Agent:
- (i) in the case of a subscription offer of the relevant Series before the listing, on the Determination Date as specified in the Final Terms; or
  - (ii) in the case of a listing without previous subscription offer, (a) on the Exchange Business Day specified in the Final Terms or (b) the Underlying value indicated by the Issuer in the Final Terms,

and without considering possible changes published at a later stage in relation to the Reference Value of the Underlying;

- (B) the amount corresponding to the arithmetic mean of the Reference Value of the single Underlying, ascertained by the Calculation Agent on the Valuation Dates 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 Reference Value of the Underlying calculated on the Determination Date "t";  
or

- (C) the amount corresponding to the minimum Reference Value (or the maximum Reference Value in the case of Max Short Certificates) 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, as specified in the Final Terms;

**If the Underlying is a Basket:**

- (A) the amount corresponding to the Basket Reference Value on the Determination Date, as ascertained by the Calculation Agent (pursuant to the terms set out in the foregoing definition of "Calculation of the Basket Level") and without considering possible changes published at a later stage in relation to the Basket Reference Value;
- (B) the amount corresponding by definition to 1, if the Final Reference Value of the Basket is determined as the sum of the arithmetic means of the Reference Value of each Basket Constituent, ascertained by the Calculation Agent on each Valuation Date set out in the relevant Final Terms, divided by the arithmetic means of the Reference Value of each Basket Constituent, ascertained by the Calculation Agent on each Determination Date specified in the relevant Final Terms, and is then multiplied by the relevant weighting of the single Basket Constituents within the same Basket; or
- (C) the amount corresponding to the minimum Reference Value (or the maximum Reference Value in the case of Max Short Certificates) recorded in relation to the Basket during one or more Final

Reference Value Observation Period(s), ascertained by the Calculation Agent (pursuant to the terms specified in the foregoing definition of "Calculation of the Basket Level") 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;

**Interest Rate** means, either as single or as a Basket Constituent, the interest rate representing the Underlying from time to time and as specified in the relevant Final Terms;

**Internal Return Amount** 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);

**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 Certificates. 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 Indices** means the indices 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 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-Out Event** means, in relation to the Knock-out Level, the event which occurs when the Calculation Agent determines that, in a Knock-out Valuation Period (as defined below), the value of the Underlying (or of the Spread in the case of Spread Certificates) as determined pursuant to the terms set out from time to time in the relevant Final Terms is lower, equal to or higher than Knock-out Level (as specified in the relevant Final Terms from time to time).

In which case, the Securityholders are not entitled to receive the payment of any relevant Digital Amount in the following Digital Valuation Periods. The Knock-out Event will be promptly communicated to the Securityholders pursuant to Condition 7;

**Knock-out Level** means the value (expressed as a percentage of the Initial Reference Value or, in the case of Spread Certificates, as an independent percentage 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) in which the Calculation Agent determines if the value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, equal to or higher than the Knock-out Level on the basis of the specific Determination Methods of such level indicated in the Final Terms. 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;

**Limited Loss Percentage** means, in relation to the Spread Certificates with the Limited Loss feature (ancillary to the Barrier option), the negative percentage indicated in the relevant Final Terms;

**Management Company** is the entity responsible for the management of the Fund;

**Market Disruption** means any event pursuant to Condition 12 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 Certificates, 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;

**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 Underlying (or of the Spread in the case of Spread Certificates) is lower, 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 value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, equal to or higher than the Memory Level (as indicated in the relevant Final Terms), the Securityholders will be notified pursuant to Condition 7;

**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 the Underlying or, in the case of Spread Certificates, by an independent percentage value.

In the event that, the Calculation Agent determines that the value of the Underlying is lower, 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) in which the Calculation Agent determines if the value of the Underlying (or of the Spread in the case of Spread Certificates) is lower, 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 event of more 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 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;

**Multiplier** means the amount of underlying which is related to a single Certificate and specified from time to time in the relevant Final Terms;

**NAV** means the net asset value for each share or unit of the Fund as calculated and published by the Fund Manager;

**Offering Period** means the period indicated by the Issuer for the subscription in relation to the Series, as specified in the Final Terms;

**Participation Factor** means, in relation to the Digital Max Certificates, the Spread Certificates, the Twin Win Certificates and the Digital Growth & Income Certificates, the percentage indicated in the Final Terms of each Series;

**Path Dependency Effect** means a calculation method of the Digital Amount, described in Condition 17, 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 of the Underlying** means, in the case of Certificates with the Best Of Feature or Worst Of Feature as well as Type B Spread Certificates, the effective performance of each Underlying as determined by the Calculation Agent;

**Plus Amount(s)** 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 Plus Payment Date pursuant to Condition 17;

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

**Protection Level** means the value calculated as a percentage of the Initial Reference 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;

**Quanto Option** means, if the Final Terms specify a Quanto Option as applicable, that 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 Certificates 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 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.

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 the Spread Certificates;

**Reference Value** means, in respect of each Exchange Business Day and each Series, an amount determined by the Calculation Agent as follows:

(A) **Index Securities:**

- (i) **Italian:** the Reference Value is equal to:
  - (a) the level of the Italian Index determined by referring to the opening price of the relevant components of such Index. The opening price represents, for each share composing the Index, the opening auction price as defined in article 1.3 of the Regulation of Borsa Italiana S.p.A. (the "**Opening Auction Price**") and determined pursuant to the method specified in the Regulation of Borsa; if on a Determination Date or a Valuation Date, in relation to one or more stock(s) composing the Index, the opening auction price would not be determined, without the occurrence of a Market Disruption Event, the Issuer (1) if there are derivatives on the Index which are listed in the IDEM Market and which expire on a Determination Date or on a Valuation Date, it will use the value of the Index used by the IDEM for the settlement of the derivatives; (2) in the absence of derivatives on the Index listed in the IDEM Market and which expire on a Determination Date or on a Valuation Date, it will determine the Index value by considering the Opening Auction Prices recorded by the stock(s) in the last five sessions where such value has been determined by any other objective element available. In the case of a Basket, the Reference Value will be determined on the basis of the closing values of the Indices composing the Basket (also where the Basket is composed, among the others, by an Italian Index); or
  - (b) the closing level of the relevant Italian Index on such Exchange Business Day.

The Issuer will specify in the Final Terms related to each Series of Certificates whose Underlying is an Italian Index which method set out in (a) and (b) above will apply with regard to the determination of the Reference Value by the Calculation Agent.

- (ii) Not an Italian Index: an amount equal to the closing level of the relevant index on the Exchange Business Day; and
  - (iii) Inflation index: an amount equal to the level of the relevant inflation Index published by the Sponsor of such Index as specified in the relevant Final Terms;
- (B) Share Securities:
- Italian Share: an amount equal to the "Reference Price", as defined in the Regulation of Borsa Italiana S.p.A., on the Exchange Business Day;
  - Not an Italian Share: an amount equal to the closing price of the relevant Share resulting from the listing made by the Reference Source on the Exchange Business Day;
- (C) Commodity Securities: 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;
- (D) Commodity Futures Contract Securities: an amount equal to the official price of the relevant Future on Commodities determined on the Reference Source on the Exchange Business Day;
- (E) Exchange Rate Securities: an amount equal to the Exchange Rate value determined on the day by the European Central Bank at around 14:15 CET and published after in the REUTERS page <ECB37> and on the website [www.ecb.int](http://www.ecb.int), as determined by the Calculation Agent. If, on a given day, the Exchange Rate was not determined through the method specified above, the Exchange Rate will be determined by the Calculation Agent referring to the fixing rate between the two currencies object of the Exchange Rate, as determined by the "Grossbanken-fixing" system at around 13.00 CET and published on the REUTERS page <OPTREF> (or determined approximately around 13:00 by the Calculation Agent). In the case where the Exchange Rate relates to two foreign currencies other than the Euro, the Reference Value will be determined by the Calculation Agent as the value given by the cross rate between the exchange rates, the Euro and each of the two currencies, as determined by the European Central Bank pursuant to the method specified above;
- (F) Interest Rate Securities: an amount equal to the value of the Interest Rate as observed by the relevant Calculation Entity on the Exchange Business Day, at the time and from the information source specified, respectively, from time to time in the relevant Final Terms; and
- (G) Fund Securities: an amount equal to the Net Asset Value, as determined and published by the Fund Manager, or in the case of an ETF, (i) an amount equal to the Net Asset Value resulting from the listing made on the Reference Source or (ii) if an application for the listing of the Certificates to the SeDeX market is made, an amount equal to the closing auction price in relation to each ETF, as determined and published by the relevant Reference Source at the end of the trading sessions on each Exchange Business Day, whose value will be available on the Bloomberg Page provided 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 "Calculation of the Basket Level".

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 (whether it is a Digital Event, an Early Redemption Event, a Memory Effect, a Knock-out Event and so on) 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 amount corresponding to the Reference Value of the single Underlying on the Exchange Business Day within such 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 amount corresponding to the arithmetic mean of the Reference Value of the single Underlying(s), ascertained by the Calculation Agent on the Exchange Business Day(s) within such valuation period(s) set out in the relevant Final Terms, and determined pursuant to the following formula:

$$RV = \frac{1}{x} \times \sum_{j=1}^x \text{Underlying}_j$$

Where

"RV" is the Reference Value of the Underlying, and

"x" is the number of the Exchange Business Days within such valuation period, specified as such in the relevant Final Terms,

"**Underlying<sub>j</sub>**", is the Reference Value of the Underlying calculated on the Exchange Business Day "j"; or

- (C) the amount corresponding to the maximum Reference Value (or the minimum Reference Value in the case of Max Short Certificates) 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.

**If the Underlying is a Basket:**

- (A) the amount corresponding to the Basket Reference Value on the Exchange Business Day(s) within such valuation period(s), as ascertained by the Calculation Agent (pursuant to the terms set out in the foregoing definition of "Calculation of the Basket Level") and without considering possible changes published at a later stage in relation to the Basket Level;
- (B) the amount corresponding to the sum of the arithmetic means of the Reference Value of each Basket Constituent, ascertained by the Calculation Agent on each Exchange Business Day(s) within such valuation period(s) set out in the relevant Final Terms, divided by the arithmetic means of the Reference Value of each Basket Constituent, ascertained by the Calculation Agent on each Determination Date specified in the relevant Final Terms, and multiplied by the relevant weighting of the single Basket Constituents within the same Basket, in accordance with the following formula:

$$\text{Basket} = \sum_{i=1}^n \frac{\frac{1}{x} \times \sum_{j=1}^x C_j^i}{\frac{1}{y} \times \sum_{t=1}^y C_t^i} \times W^i$$

Where

"**Basket**" is the Reference Value of the Basket,

"x" is the number of Exchange Business Day(s) within such valuation period(s) specified as such in the relevant Final Terms,

"y" is the number of Determination Date specified as such in the relevant Final Terms,

" $C_j^i$ " is the value of the Basket Constituent "i" calculated on the Exchange Business Day "j",

" $C_t^i$ " is the value of the Basket Constituent "i" calculated on the Determination Date "t",

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

"n" is the number of the Basket Constituent; or

- (C) the amount corresponding to the maximum Reference Value (or the minimum Reference Value in the case of Max Short Certificates) recorded in relation to the Basket during one or more valuation period(s), ascertained by the Calculation Agent (pursuant to the terms specified in the foregoing definition of "Calculation of the Basket Level") on the Exchange Business Day, as set out in the relevant Final Terms;

**Reference Source** means, in respect of Index Securities and in relation to an Index or in respect of Share Securities and in relation to a Share, each exchange or quotation system specified as such in relation to such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Reference Source);

**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 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;

**Share** means, in relation to each Series, either as single 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, which will be specified as the underlying asset or a Basket Constituent, from time to time in the relevant Final Terms;

**Short Protection** means the amount specified in the relevant Final Terms;

**Sigma Amount** means the amount in the Settlement Currency specified by the Issuer in Final Terms for each Series;

**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. The Spread is determined by the Calculation Agent as follows:

$$\text{Spread} = \text{Performance of the Underlying A} - \text{Performance of the Underlying B}$$

Where:

- (i) at the Exercise Date,



$$Performance = \frac{FRV}{IRV} - 1$$

Where:

"**FRV**" means the Final Reference Value of the Underlying, and

"**IRV**" means the Initial Reference Value of the Underlying;

(ii) during the life of the Certificates,

$$Performance = \frac{RV}{IRV} - 1$$

Where:

"**RV**" means the Reference Value of the Underlying, and

"**IRV**" means the Initial Reference Value of the Underlying;

**Spread Protection** means the percentage specified in the relevant Final Terms;

**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;

**Typology** means the type of Certificates that will be issued in respect of each Series, as specified in the relevant Final Terms. In particular, the Certificates may be:

- *Standard Certificates,*
- *Max (Long/Short) Certificates;*
- *Spread (Type A/ Type B) Certificates;*
- *Switch Certificates;*
- *Growth & Income Certificates and*
- *Twin Win Certificates;*

**Underlying** means, for each Series:

in the case of Certificates linked to one or more financial asset(s), the Share, the Index, the Commodity, the Commodity Futures Contract, the Exchange Rate, the Interest Rate and the Fund, as specified in the applicable Final Terms;

in the case of Spread Certificates, two or more financial assets selected from the following Underlyings: Shares, Indexes, Commodities, Commodity 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 the case of Certificates linked to a Basket (as defined above), a Basket composed respectively of Shares, Indices, Commodities, Futures Contracts on Commodities, Exchange Rates, Interest Rates or Funds (each a Basket Constituent, as defined above and indicated from time to time in the relevant Final Terms);

**Underlying Exchange Rate** means, either as single or as a Basket Constituent, the exchange rate representing, from time to time and as specified in the relevant Final terms, the Underlying;

**Underlying Reference Currency** means for each Series, the currency of the Underlying as indicated in the Final Terms. In the case of Quanto Certificates, the Underlying Reference Currency will be usually always in the Settlement Currency;

**Valuation Date(s)** means one or more Exchange Business Day(s) on the Final Reference Value (pursuant to the terms specified below in the definition of Final Reference Value) is determined. The 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, in the opinion of the Calculation Agent, a Market Disruption Event has not occurred.

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 eight Exchange Business Day following the Valuation Date;

**Worst Of Feature** means the calculation method, if specified as applicable pursuant to the relevant Final Terms, for the calculation of the Settlement Amount, the Early Redemption Amount (if applicable) and the Digital Amount, where the Calculation Agent selects the Worst Of Underlying that 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; and **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 other Underlyings. The Calculation Agent will select, on the exercise date, the Best Of Underlying for the calculation of the Cash Settlement Amount and the investors will be informed pursuant to Condition 7. 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, a Best Of Underlying), the second worst performance (in such case, a **Second Worst Of Underlying**) or the third worst performance (in such case, a "**Third Worst Of Underlying**") and so on;

#### **4. Illegality**

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

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

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

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

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

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

##### **(A) Security Agents**

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

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

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

(B) *Calculation Agent*

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

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

(C) *Determinations by the Issuer*

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

(D) *Meetings of Securityholders and Modifications*

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

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

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

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

## 7. Notices

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

## 8. Expenses and Taxation

- (A) A holder of Securities must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, sale commissions, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement of such Securities pursuant to the terms of such Securities (**Expenses**) relating to such Securities as provided above.
- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.
- (C) A holder of Securities must provide the Issuer with sufficient information and all reasonable assistance necessary (and pay all costs associated with), compliance by the Issuer with Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (**Code**) or otherwise imposed pursuant to Section 1471 through 1474 of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

## 9. Further Issues

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

## 10. Substitution of the Issuer

### (A) *Substitution of Issuer*

Unless otherwise indicated in the relevant Final Terms, the Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the **Substitute**) as principal debtor in respect of all obligations arising from or in connection with the Securities provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) the obligations of the Substitute in respect of the Securities shall be unconditionally and irrevocably guaranteed by the Issuer; (iv) each stock exchange or listing authority on which the Securities are listed shall have confirmed that following the proposed substitution of the Substitute the Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 7.

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

After any substitution or change of branch pursuant to Condition 10(A) above, the Conditions will be modified in all consequential respects including, but not limited to, replacement of references to the Republic of Italy in the Conditions where applicable, by references to the country of incorporation, domicile and/or residence for tax purposes of the Substitute or the new branch, as the case may be. Such modifications shall be notified to Securityholders in accordance with Condition 7.

## 11. Governing Law and Jurisdiction

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

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

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

## 12. Terms of the Securities

### 12(1) Market Disruption Event

#### 12(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 market where the options or futures contracts on such Index are traded, as determined by the Calculation Agent.

**Market Disruption Events occurring during the Early Redemption Valuation Period, on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period**

For the purposes of this 12(1)(A), Market Disruption Events occurring on a Valuation Date 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 that disrupts or impairs (as determined by the Calculation Agent) 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 that a Market Disruption Event has occurred pursuant to (i), (ii), (iii), (iv) and (v) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Index, the official closing level of the Index or (ii) in the case of Certificates relating to a Basket of Indices, the official closing level of each Basket Constituent, in either case in accordance with the fair market value of the Index 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 index.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Index, the official closing level of the Index for the purposes of determining the Final Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates relating to a Basket of Indices, the official closing level of the Basket Constituent, for the purposes of the determining the Final Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case in accordance with the fair market value of the Index 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 index.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Index, the official closing level of the Index or (ii) in the case of Certificates relating to a Basket of Indices, the official closing level of each Basket Constituent, in either case in accordance with the fair market value of the Index 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 index.

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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 12(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 12(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 Certificates, 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 Certificates relating to a single Index, the official closing level of the Index for the purposes of determining the Initial Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates 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 (as in the case (a), (b) or (c) of the relevant definition in Condition 3), 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 Certificates, 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 [www.bancaimi.com](http://www.bancaimi.com).

## **12(1)(B) Market Disruption Event in relation to Share Securities**

### **Definitions**

**"Related Exchange"** means, in relation to a Share, any regulated market where the options or futures contracts on such Share are traded, as determined by the Calculation Agent.

### **Market Disruption Events occurring during the Early Redemption Valuation Period on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period**

For the purposes of this 12(1)(B), Market Disruption Events occurring on a Valuation Date means:

- (i) any suspension of or relevant limitation imposed (a) on any transaction on the relevant Reference Source or (b) on 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 a Market Disruption Event has occurred pursuant to 12(1)(B) (i), (ii), (iii), (iv) and (v) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Share, the official closing price of the Share or (ii) in the case of Certificates relating to a Basket of Shares, the official closing price of each Basket Constituent, in either case in accordance with the fair market value of the Share 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 share.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Share, the official closing level of the Share for the purposes of the determining the Final Reference Value (as in the case (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates relating to a Basket of Shares, the official closing price of the Basket Constituent, for the purposes of determining of the Final Reference Value of the Share (as in the case (a), (b) or (c) of the relevant definition in Condition 3), in either case in accordance with the fair market value of the Share 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 share.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Share, the official closing price of the Share, or (ii) in the case of Certificates relating to a Basket of Shares, the official closing price of each Basket Constituent, in either case in accordance with the fair market value of the Share 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 share.

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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 12(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 12(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 Certificates, 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 Certificates relating to a single Share, the official closing price of the Share for the purposes of determining the Initial Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates 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(as in the case of (a), (b) or (c) of the relevant definition in Condition 3), 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 Certificates, 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 12(1)(B), by way of a notice published on the Issuer's web site [www.bancaimi.com](http://www.bancaimi.com).

### 12(1)(C) Market Disruption Event in relation to Commodity Securities

#### Definitions

"**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;

"**Related Exchange**" means, in relation to a Commodity, any regulated market where the options or futures 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 12(1)(C) shall have the same meaning as of Condition 3.

#### Market Disruption Events occurring during the Early Redemption Valuation Period on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period

For the purposes of this 12(1)(C), Market Disruption Events occurring on a Valuation Date means:

- (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 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
  - (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

- (ii) 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,
- (iii) a general moratorium is declared in respect of banking activities in any Relevant Country;

or, if the Reference Source is located in an Emerging Market Country:

- (iv) if the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer from:
  - (A) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer;
  - (B) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
  - (C) delivering the Reference Currency or the Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
  - (D) transferring the Reference Currency or the Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (v) a Relevant Country (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 that a Market Disruption Event has occurred pursuant to 12(1)(C) (i), (ii), (iii), (iv) and (v) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Commodity, the Reference Value of the Commodity or (ii) in the case of Certificates relating to a Basket of Commodities, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Commodity 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 Commodity.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Commodity, the Reference Value of the Commodity for the purposes of determining the Final Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), or (ii) in the case of Certificates relating to a Basket of Commodities, the Reference Value of the Basket Constituent, for the purposes of determining the Final Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case in accordance with the fair market value of the Commodity 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 Commodity.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Commodity, the Reference Value of the Commodity or (ii) in the case of Certificates relating to a Basket of Commodities, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Commodity 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 Commodity.

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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 12(1)(C), 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 12(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 Certificates, 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 Certificates relating to a single Commodity, the Reference Value of the Commodity for the purposes of determining the Initial Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), or

(ii) in the case of Certificates 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 (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), 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 Certificates, 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 12(1)(C), by way of a notice published on the Issuer's web site [www.bancaimi.com](http://www.bancaimi.com).

#### **12(1)(D) Market Disruption Event in relation to Commodity Futures Contract Securities**

##### **Market Disruption Events occurring during the Early Redemption Valuation Period on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period**

For the purposes of this 12(1)(D), Market Disruption Events occurring on a Valuation Date means:

- (i) any disruption or any temporary or permanent discontinuance of the Reference Source,
- (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 a Market Disruption Event has occurred pursuant to 12(1)(D) (i), (ii), (iii), (iv), (v) and (vi) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Future on Commodities, the Reference Value of the Future on Commodities, or (ii) in the case of Certificates relating to a Basket of Futures on Commodities, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Future on Commodities 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 Future on Commodities.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Future on Commodities, the Reference Value of the Future on Commodities for the purposes of determining the Final Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), or (ii) in the case of Certificates relating to a Basket of Futures on Commodities, the Reference Value of the Basket Constituent, for the purposes of determining the Final Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case in accordance with the fair market value of the Future on Commodities 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 Future on Commodities.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Future on Commodities, the Reference Value of the Future on Commodities or (ii) in the case of Certificates relating to a Basket of Futures on Commodities, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Future on Commodities 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 Future on Commodities.

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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 12(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 12(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 Certificates, 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 Certificates relating to a single Future on Commodities, the Reference Value of the Future on Commodities for the purposes of determining the Initial Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates relating to a Basket of Futures on Commodities, the Reference Value of the Basket Constituent, for the purposes of determining the Initial Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case (x) on the basis of the Market Value of the Future on

Commodities 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 on Commodities, 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 on Commodities 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 Certificates, 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 12(1)(D), by way of a notice published on the Issuer's web site [www.bancaimi.com](http://www.bancaimi.com).

## **12(1)(E) Market Disruption Event in relation to Exchange Rate Securities**

### **Definitions**

"**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 or quotation system on which options contracts or futures 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 the Early Redemption Valuation Period on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period**

For the purposes of this 12(1)(E), Market Disruption Events occurring on a Valuation Date means:

- (1) *where the Reference Source for any Exchange Rate is an exchange, a trading system or a quotation system as determined by the Calculation Agent,*
  - 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; or
  - C a general moratorium is declared in respect of banking activities in any Relevant Country;
- (2) *If the Reference Source for any Exchange Rate is not an exchange or trading system or a quotation system as determined by the Calculation Agent:*
- A it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of a Second Currency in the relevant First Currency by reference to the Reference Source in the manner specified in the definition of "Reference Value" or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - B any event set out in Condition 3 above in relation to such Exchange Rate.

If the Calculation Agent determines a Market Disruption Event has occurred pursuant to 12(1)(E) (1) and (2) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Exchange Rate, the Reference Value of the Exchange Rate or (ii) in the case of Certificates relating to a Basket of Exchange Rates, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Exchange 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 Exchange Rate.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Exchange Rate, the



Reference Value of the Exchange Rate for the purposes of determining the Final Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates relating to a Basket of Exchange Rates, the Reference Value of the Basket Constituent, for the purposes of determining the Final Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case in accordance with the fair market value of the Exchange 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 Exchange Rate.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Exchange Rate, the Reference Value of the Exchange Rate or (ii) in the case of Certificates relating to a Basket of Exchange Rates, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Exchange 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 Exchange 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 12(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 12(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 Certificates, 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 Certificates relating to a single Exchange Rate, the Reference Value of the Exchange Rate for the purposes of the determining the Initial Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), or (ii) in the case of Certificates 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 (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), 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 Certificates, 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 12(1)(E), by way of a notice published on the Issuer's web site [www.bancaimi.com](http://www.bancaimi.com).

#### **12(1)(F) Market Disruption Event in relation to Fund Securities**

##### **Market Disruption Events occurring during the Early Redemption Valuation Period on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period**

For the purposes of this 12(1)(F), Market Disruption Events occurring on a Valuation Date means:

- (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, provided that if such failure is an Adjustment Event pursuant to the following 12(2), such event will be considered an Adjustment Event and not a Market Disruption Event;
- (ii) the failure to open for trading and the permanent discontinuance of trading in the Fund, provided that if such discontinuance is an Adjustment Event relating to the Fund pursuant to the following 12(2), such event will be considered an Adjustment Event and not a Market Disruption Event (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 Certificates.

If the Calculation Agent determines a Market Disruption Event has occurred pursuant to 12(1)(F) (i), (ii), (iii) and (iv) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Fund, the Reference Value of the Fund, or (ii) in the case of Certificates relating to a Basket of Funds, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Fund 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 Fund.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Fund, the Reference Value of the Fund for the purposes of the determining the Final Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates relating to a Basket

of Funds, the Reference Value of the Basket Constituent, for the purposes of the determining the Final Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case in accordance with the fair market value of the Fund 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 Fund.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Fund, the Reference Value of the Fund or (ii) in the case of Certificates relating to a Basket of Funds, the Reference Value of each Basket Constituent, in either case in accordance with the fair market value of the Fund 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 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 12(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 12(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 Certificates, 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 Certificates relating to a single Fund, the Reference Value of the Fund for the purposes of determining the Initial Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3) or (ii) in the case of Certificates 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 (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), 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 Certificates, 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 12(1)(F), by way of a notice published on the Issuer's web site [www.bancaimi.com](http://www.bancaimi.com).

#### **12(1)(G) Market Disruption Event in relation to Interest Rate Securities**

##### **Market Disruption Events occurring during the Early Redemption Valuation Period on a Valuation Date or during an Exchange Business Day within the Barrier Determination Period**

For the purposes of this 12(1)(G), Market Disruption Events occurring on a Valuation Date 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 12(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 Certificates.

If the Calculation Agent determines a Market Disruption Event has occurred pursuant to 12(1)(G) (i) and (ii) above:

**during an Early Redemption Valuation Period**, the Exchange Business Day of the Early Redemption Valuation Period on which the Market Disruption Event has occurred is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Interest Rate, the Reference Value of the Interest Rate or (ii) in the case of Certificates relating to a Basket of Interest Rates, the Reference Value of each Basket Constituent, in either case 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.

**on a Valuation Date**, such Valuation Date is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

The Valuation Date may be postponed for up to eight Exchange Business Days from the Valuation Date originally expected.

If, on the eighth Exchange Business Day from the Valuation Date 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 Certificates relating to a single Interest Rate, the Reference Value of the Interest Rate for the purposes of determining the Final Reference Value (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), or (ii) in the case of Certificates relating to a Basket of Interest Rates, the Reference Value of the Basket Constituent, for the purposes of determining the Final Reference Value of the Basket (as in the case of (a), (b) or (c) of the relevant definition in Condition 3), in either case 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.

**during an Exchange Business Day within the Barrier Determination Period**, such Exchange Business Day is postponed to the next following Exchange Business Day on which the Market Disruption Event ceases.

Such Exchange Business Day of the Early Redemption Valuation Period may be postponed for up to eight Exchange Business Days from the Exchange Business Day originally expected.

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 Certificates relating to a single Interest Rate, the Reference Value of the Interest Rate, or (ii) in the case of Certificates relating to a Basket of Interest Rates, the Reference Value of each Basket Constituent, in either case 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 12(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 12(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 Certificates, 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 [www.bancaimi.com](http://www.bancaimi.com), 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 Certificates, 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 [www.bancaimi.com](http://www.bancaimi.com).

#### **12(1)(H) Market Disruption Events in relation to Combined Securities**

For the purposes of this 12(1)(H) Market Disruption Event occurring respectively during the Early Redemption Valuation Period, on a Valuation Date, on an Exchange Business Day within the Barrier Determination Period 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.

#### **12(2) Adjustment Events relating to the Underlying and correction provisions in relation to the Certificates**

If the Underlying is affected by an Adjustment Event, the Issuer will intervene in order to procure that the economic value of the Certificates following an Adjustment Event is equal, as far as possible, to the economic value of the Certificates before the occurrence of the Adjustment Event.

If an Adjustment Event has occurred and its negative effects cannot be corrected, the Issuer may redeem the Certificates early by paying an amount calculated on the basis of the market value of the Certificates, 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.

#### **12(2)(A) Adjustment Events in relation to Index Securities**

For the purposes of this 12(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 Certificates 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 § 6], the Issuer may redeem the Certificates early under payment of an amount calculated on the basis of the market value of the Certificates.

(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 the 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 the 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 the 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 the case of commodity indices:
  - (i) the composition of the Index; and

- (ii) the method of calculation of the Index;
  - 5. in the case of futures indices:
    - (i) the composition of the Index; and
    - (ii) the connection with the same sector;
  - 6. in the 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 the 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 Certificates early pursuant to the method set out above.
- (d) *Any other event affecting the economic value and, consequently, the market price of the Index.*

#### **12(2)(B) Adjustment Events in relation to Share Securities**

For the purposes of this 12(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 Certificate;
- (c) the increase of corporate capital transactions by way of issuance of (i) new shares of a class different from those underlying the Certificate, (ii) shares with Warrant, (iii) convertible bonds and (iv) convertible bonds with Warrant;
- (d) merger and de-merger transactions<sup>1</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 Certificates after the correction is equal, as far as possible, to the economic value of the Certificates 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 Certificate 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 Certificate and will remain equal to the value of the Share at the beginning of the tender offer;

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<sup>1</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 Certificate; 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 Certificates, 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 Certificates 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 Certificates, the terms and conditions of the Certificates will be adjusted by the Issuer pursuant to international market practice.

In relation to such adjustments, Certificateholders 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 Certificates, the Issuer has the right but not the obligation to redeem the Certificates early, paying to each Certificateholder, in respect of each Certificate, a cash amount calculated pursuant to the market value of the Certificates, 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 Certificates.

#### **12(2)(C) Adjustment Events in relation to Commodity Securities**

For the purposes of this 12(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 by the Calculation Agent.

The Calculation Agent may have the option, but not the obligation, to determine the appropriate adjustment to the relevant Commodity by reference to the adjustment in respect of such Adjustment Event made by a Related Exchange to options contracts or futures contracts.

#### **12(2)(D) Adjustment Events in relation to Future on Commodities Securities.**

For the purposes of this 12(2)(D), "**Adjustment Event**" means, Future on Commodities, one or more of the following events:

- (a) *Calculation of the Future on Commodities by a third party*

If the price of the Future on Commodities starts to be calculated and published by an entity other than the Reference Source (the "**Other Entity**"), the Underlying of the Certificates will remain as the Future on Commodities selected as such, as calculated by the Other Entity.



The Certificateholders will be notified of the identity of the Other Entity, the terms of the calculation and the publication of the Future on Commodities 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 on Commodities*

If the Reference Source or the Other Entity substantially modifies the features of the Future on Commodities, including, without limitation, the formula or the method of calculation of the Reference Value, the content, composition or constitution of the underlying Commodity or replaces the Futures on Commodities 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 on Commodities before and after such amendment or replacement (using a connection coefficient), the Certificates will not be affected by any correction and will have the modified Future on Commodities 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 on Commodities' 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 Certificates), so that the economic value of the Future on Commodities is maintained constant, using an adjustment coefficient as calculated by the Reference Source of the Future on Commodities 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 Futures on Commodities, such modification or replacement will not affect the weighting of the Future on Commodities 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 Certificates in accordance with the following paragraph.

(c) *Cessation of the calculation of the Future on Commodities*

If the Reference Source or the Other Entity cease to calculate or publish the Future on Commodities without calculating or publishing a new Future on Commodities, the Issuer may perform its obligations pursuant to the Certificates paying to the Certificateholders an amount representing the market value of the Certificates.

(d) *Any other event affecting the economic value and, consequently, the market price of the Future on Commodities.*

The Certificateholders will be notified of the market value of the Certificates and the relevant method of payment, by way of a notice on the Issuer's website.

## **12(2)(E) Adjustment Events in relation to Exchange Rate Securities**

For the purposes of this 12(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 cancel the Certificates by giving notice to the Certificateholders through the Issuer's website. The Issuer may discharge its obligations pursuant to the Certificates paying an amount to each Certificateholder in respect of each Certificate held by such Certificateholder which amount shall be the fair market value of the Certificate.

The Certificateholders will be notified of the market value of the Certificates and the relevant method of payment, by way of a notice on the Issuer's website.

## **12(2)(F) Adjustment Events in relation to Fund Securities**

### **Terms**

"**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"**Delisting**" means, in respect of any relevant Shares, that the Exchange has announced that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"**Merger Event**" means any (i) reclassification or change of such Fund that results in a transfer of or an irrevocable commitment to transfer all of the outstanding shares of the Fund to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Fund with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Fund is the continuing entity and which does not result in a reclassification or change of all of the outstanding Shares), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Fund that results in a transfer of or an irrevocable commitment to transfer all such shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Fund with or into another entity in which the Fund is the continuing entity and which does not result in a reclassification or change of all the outstanding shares of the Fund but results in the outstanding shares of the Fund (other than Fund shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is before the Determination Date.

"**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.

"**Volatility**" means, in relation to a certain period of time and on each Determination Date, the annualised standard deviation in the monthly percentage change of the net asset value of the Fund or the New Fund, as calculated and published by the relevant Management Company, Fund Manager or by an external provider on each Exchange Business Day during the certain time period before such Determination Date, expressed as a percentage, as determined by the Calculation Agent.

### **Adjustment Events and replacement of the Fund or redemption of the Certificates**

For the purposes of this 12(2)(F), "**Adjustment Event**" means, in relation to a Fund, one or more of the following events:

- (a) Merger Event;
- (b) Insolvency;
- (c) Delisting;
- (d) Substitution Event (as defined below); or
- (e) any other event affecting the economic value and, consequently, the market price of the Fund.

Following the occurrence of an Adjustment Event pursuant to (a), (b), (c), (d) or (e) above in relation to a Fund (the "**Affected Fund**"), the Calculation Agent may:

- (1) acting in a commercially reasonable manner, identify a new fund (the "**New Fund**") with which to substitute the Affected Fund, with effect from the date determined by the Calculation Agent (the "**Substitution Date**"); or
- (2) if it is not possible to substitute the Affected Fund, procure that the Issuer redeems the Certificates through a notice published on its website. In this case, the Issuer will pay to the Certificateholders the market value of the Certificates, as determined by the Calculation Agent.

If the Calculation Agent decides to identify a New Fund, the Calculation Agent will determine its relevant currency, and will determine that it will have a performance and a quality similar to the Affected Fund as well as investment policies similar to those of the Affected Fund.

Following the identification of the New Fund by the Calculation Agent, Certificateholders will be notified by the Calculation Agent by way of a notice on the Issuer's website.

Following the identification of the New Fund by the Calculation Agent, the New Fund will replace the Affected Fund with effect from the relevant Substitution Date, and 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 Certificates, in order to affect such substitution.

For the purposes of this provision, "**Substitution Event**" means each of the following events, as determined by the Calculation Agent (provided that the Calculation Agent does not assume any obligation to monitor the potential occurrence of a Substitution Event):

- (i) the main investment goal of a Fund is modified pursuant to the rules of such Fund so as to avoid an exclusive reference to the *benchmark* identified in its certificate of incorporation or in its prospectus at the Issue Date or, in the case of a New Fund, at the Substitution Date;
- (ii) the currency of a Fund is modified pursuant to the rules of such Fund in a way that the net asset value of the Fund is no longer calculated in the same Currency as it was calculated at the Issue Date (or, in the case of New Fund, at the Substitution Date);
- (iii) the relevant Management Company or the relevant Fund Manager fails, for reasons other than technical or operative reasons, to publish the net asset value of the Fund for eight Exchange Business Days, and such failure results from a decision to liquidate or dissolve the Fund;
- (iv) the assets of the Fund or of the relevant Management Company are subject to control by any governmental, legal or regulatory authority for unlawful conduct, violation of laws or regulations or other similar reasons;
- (v) there is an obligation, as determined by the Calculation Agent, to redeem, or a suspension or limitation on trading in the Fund (including the duty to notify in advance the redemption or subscription of the shares of the Fund), where, in such cases, the suspension or limitation is, in the opinion of the Calculation Agent, of substantial importance;
- (vi) the yearly Volatility of the Fund or the New Fund exceeds the percentage allowed by any applicable laws or rules as set out in the certificate of incorporation or the prospectus of the Fund or the New Fund, during a one-month period;

- (vii) the payment of a subscription fee for the purchase of the shares of the Fund or the New Fund or of a redemption fee for the sale of the shares of the Fund or the New Fund is required;
- (viii) there are changes in the taxation or regulation applicable to the custody, purchase or sale of the shares of the Fund or the New Fund; and
- (ix) the redemption of some or all the shares of the Fund or the New Fund is imposed by the Management Company or is due to another reason.

**12(2)(G) Adjustment Events in relation to Interest Rate Securities**

For the purposes of this 12(2)(G), "**Adjustment Event**" means, in relation to an Interest Rate, the 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
- (i) 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.

**12(2)(H) Adjustment Events in relation to Combined Securities**

For the purposes of this 12(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.

**13. Adjustments for European Monetary Union**

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

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

The election will have effect as follows:

- (A) where the Settlement Currency of the Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
- (B) where the Exchange Rate and/or any other terms of these Conditions (as 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.

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

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

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

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

Each Certificate shall be automatically exercised on the Exercise Date, unless an Early Redemption Event occurred (if applicable and 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 Renunciation Notice shall be irrevocable. Any determination as to whether a Renunciation 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 Renunciation Notice so determined to be incomplete or not in proper form or which is not duly delivered shall be null and void. If such Renunciation 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 Renunciation Notice submitted at the time such correction was delivered to the relevant Clearing System and copied to the Issuer and the Principal Security Agent.

(B) *Cash Settlement*

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

**16. Settlement**

(A) *Cash Settled Certificates*

Subject as provided in this Condition 16, 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.

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

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

(B) *Settlement provisions for Definitive Certificates*

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

(C) *Exercise Risk*

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

## 17. Pay-out provisions

### DIGITAL AMOUNT(S)

A possible feature of the Certificates is the Digital Event that will occur, in the relevant Digital Valuation Period(s), if the value of the Underlying is lower, equal to or higher than (as indicated in the relevant Final Terms) the Digital Level.

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. The investors will be notified of the Digital Event through a notice published on the website of the Issuer [www.bancaimi.com](http://www.bancaimi.com).

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, in relation to each Digital Valuation Period, the relevant Final Terms will indicate the value of the "First Digital Level", the "Second Digital Level" and so on.

In particular, if the value of the Underlying, in the relevant Digital Valuation Period, is lower, equal to or higher (as indicated in the relevant Final Terms) than the Digital Levels, the investor will receive the relevant Digital Amount (indicated as "Digital Amount in relation to the First Digital Level", "Digital Amount in relation to the Second Digital Level" and so on); or

- c) Cliquet Feature, if the Digital Level is represented as a percentage of the Reference Value of the Underlying determined during the relevant Digital Valuation Period. In this case, 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) when the Digital Event has occurred in the relevant Digital Valuation Period. The investors will be informed of Digital Event's occurrence through a notice published on the website of the Issuer [www.bancaimi.com](http://www.bancaimi.com).

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 Digital Level will be a percentage predetermined in the relevant Final Terms. In such case, the Digital Event will occur only if the Spread between Performance A and Performance B is lower, equal to or higher than the Digital Level (as indicated in the relevant Final Terms).

#### Specific calculation procedures in relation to the Digital Amounts

Specific calculation procedures in relation to the Digital Amount payable during the life of the Certificates may be provided jointly or separately in the relevant Series:

#### 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 value of the Underlying is lower, 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 value of the Underlying is lower, 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 [www.bancaimi.com](http://www.bancaimi.com).

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, equal to or higher (as indicated in the relevant Final Terms) than the Consolidation Level.

#### 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 value of the Underlying is lower, 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 (or the Digital Amounts) in the event that a Digital Event has not occurred.

If the value of the Underlying is lower, 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 [www.bancaimi.com](http://www.bancaimi.com).

, 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, equal to or higher than the Memory Level (as indicated in the relevant Final Terms).

#### Deactivation of the Digital Amount(s)

If so specified in the relevant Final Terms, the Certificates may provide a so-called "Knock-out" feature, which is a deactivation option of the Digital Amounts eventually payable during the life of the Certificates. In particular, if the value of the Underlying (or the Spread in event of Spread Certificates), during a Knock-out Valuation Period, is lower, equal to or higher (as indicated in relevant Final Terms) than the relevant Knock-out Level (such event a "**Knock-out Event**"), the investor may not benefit from the payment of any Digital Amount during the Digital Valuation Periods following the Knock-out Valuation Period in which the Knock-out Event has occurred.

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 Certificates) in addition to the Digital Level. The investors will be notified in the event of a Knock-out Event through a notice published on the website of the Issuer [www.bancaimi.com](http://www.bancaimi.com).

#### 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.



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### EARLY REDEMPTION AMOUNT

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 value of the Underlying (or of the Spread in the case of Spread Certificates) with reference to an Early Redemption Valuation Period is lower, equal to or higher than Early Redemption Level (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 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).

If several Early Redemption Amounts are provided, the Final Terms will indicate the value or the relevant calculation methods in the relation to the "Early Redemption Amount in relation to the First Early Redemption Period", the "Early Redemption Amount in relation to the Second Early Redemption Period" and so on.

Furthermore, in the event of Certificates with the Best Of Feature or Worst Of Feature, the Issuer will indicate in the relevant Final Terms whether an Early Redemption Event has occurred in relation to one or more Underlying(s), in which case the Final Terms will indicate one or more Early Redemption Levels for each Underlying.

\*\*\*\*

### 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 Exercise Date, to receive an additional amount which is not linked to the performance of the Underlying. The payment of such Plus Amount(s) does not affect the provisions for the calculation of the Digital Amount(s) provided by the relevant Final Terms.

\*\*\*\*

### INTERNAL RETURN AMOUNT(S)

The Final Terms may also specify Internal Return Amount(s) as applicable. In this case, the Internal Return Amount will be linked to the performance of the Underlying and calculated according to the following formula:

$$\text{Issue Price} \times \text{Max} \left\{ 0; \left[ \left( \sqrt[t]{\frac{\text{FRV}_t}{\text{IRV}}} \right) - 1 \right] \right\}$$

Where:

"FRV" means the Final Reference Value,

"IRV" means the Initial Reference Value, and

"t" means 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 annualised in relation to each Annual Valuation Date. Otherwise,

**if the relevant Final Terms provide an IRA Cap:**

$$\text{Issue Price} \times \text{Min} \left\{ \text{IRA CAP}_t; \text{Max} \left\{ 0; \left[ \left( \sqrt[t]{\frac{\text{FRV}_t}{\text{IRV}}} \right) - 1 \right] \right\} \right\}$$

Where:

"**FRV**" means the Final Reference Value,

"**IRV**" means the Initial Reference Value,

"**IRA Cap**" means the value specified as a percentage in the relevant Final Terms, and

"**t**" means the relevant Annual Valuation Date.

In this case, the Internal Return Amount is calculated on the performance of the Underlying which is annualised in relation to each Annual Valuation Date, but it will be subject to a maximum amount represented by the IRA Cap.

\*\*\*\*

## CASH SETTLEMENT AMOUNT

### **CALCULATION METHOD IN THE CASE OF POSITIVE AND NEGATIVE PERFORMANCE OF THE UNDERLYING – (NO BARRIER LEVEL 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 Certificates, 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.

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:

#### **A. STANDARD CERTIFICATES**

*(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**

##### **(a) 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 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 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.

##### **(b) 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 Exercise Minimum Amount*

In relation to such type, the Securityholder 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.

**If the relevant Final Terms provide a Cap Level:**

*{Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Initial Reference Value – Max [Cap Level; 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 Level multiplied by the multiplier.

**C. SPREAD CERTIFICATES**

**(a) TYPE A SPREAD CERTIFICATES**

$$\left[ \frac{(Initial\ Percentage \times IRV_A \times Multiplier_A) + (Initial\ Percentage \times IRV_B \times Multiplier_B)}{2} \right] \times MEA$$

Where:

"**Initial Percentage**" means the percentage specified in the applicable Final Terms,

"**IRV<sub>A</sub>**" means the Initial Reference Value of the Underlying A ,

"**Multiplier<sub>A</sub>**" means the Multiplier of the Underlying A,

"**IRV<sub>B</sub>**" means the Initial Reference Value of the Underlying B,

"**Multiplier<sub>B</sub>**" means the Multiplier of the Underlying B, and

"**MEA**" means the 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.

**(b) TYPE B SPREAD CERTIFICATES**

$$\left[ \frac{(Initial\ Percentage \times IRV_A \times Multiplier_A) + (Initial\ Percentage \times IRV_B \times Multiplier_B)}{2} \right] \times [1 + (Participation\ Factor \times Max(0; Spread))] \times MEA$$

Where:

"**Initial Percentage**" means a percentage specified in the applicable Final Terms,

"**IRV<sub>A</sub>**" means the Initial Reference Value of the Underlying A,

"**Multiplier<sub>A</sub>**" means the Multiplier of the Underlying A,

"**IRV<sub>B</sub>**" means the Initial Reference Value of the Underlying B,

"**Multiplier<sub>B</sub>**" means the Multiplier of the Underlying B,

"**Participation Factor**" means a percentage set out in the relevant Final Terms,

"**Spread**" means the differential registered between the performance of the Underlying A and the Performance of the Underlying B, and

"**MEA**" means the 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.

**If the relevant Final Terms provide a Cap Level (only in relation to Type B Spread Certificates):**

$$\left[ \frac{(\text{Initial Percentage} \times \text{IRV}_A \times \text{Multiplier}_A) + (\text{Initial Percentage} \times \text{IRV}_B \times \text{Multiplier}_B)}{2} \right] \times [1 + \text{Min} [\text{Cap Level}; (\text{Participation Factor} \times \text{Max} (0; \text{Spread}))]] \times \text{MEA}$$

Where:

"**Initial Percentage**" means a percentage specified in the applicable Final Terms,

"**IRV<sub>A</sub>**" means the Initial Reference Value of the Underlying A,

"**Multiplier<sub>A</sub>**" means the Multiplier of the Underlying A,

"**IRV<sub>B</sub>**" means the Initial Reference Value of the Underlying B,

"**Multiplier<sub>B</sub>**" means the Multiplier of the Underlying B,

"**Cap Level**" means a percentage set out in the relevant Final Terms,

"**Participation Factor**" means a percentage set out in the relevant Final Terms,

"**Spread**" means the differential registered between the performance of the Underlying A and the Performance of the Underlying B, and

"**MEA**" means the 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 Level.

#### **D. SWITCH CERTIFICATES**

In relation to such type, the formula for the calculation of the Cash Settlement Amount will depend on whether a Digital Event has occurred. If a Digital Event has occurred, the calculation procedure of the Cash Settlement Amount will be the same as the Standard Certificates; otherwise, if a Digital Event has not occurred, the method of calculation of the Settlement Amount will be the same to the Max Long Certificates or the Max Short Certificates pursuant to the Final Terms. In particular:

(1) **If the Digital Event has occurred during the life of the Certificates**

*(Initial Percentage x Initial Reference Value x Multiplier) x Minimum Exercise Amount*

In such scenario, the investor will receive at the maturity an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms. Consequentially, at least the payment of a percentage of the invested capital as specified in the Final Terms will be granted.

(2) **If the Digital Event has not occurred during the life of the Certificates**

- (a) *{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 scenario, 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 opportunity to receiving a higher amount participating 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 at the maturity will be equal to or higher than the percentage of the Initial Reference Value multiplied by the multiplier set out by the Issuer in the relevant Final Terms but in any case will not exceed the Cap Level multiplied by the multiplier.

**or, alternatively,**

- (b) *{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 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.

**If the relevant Final Terms provide a Cap Level:**

*{Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Initial Reference Value – Max [Cap Level; 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 but in any case will not exceed the Cap Level multiplied by the multiplier.

**E. GROWTH & INCOME CERTIFICATES**

*{Max [Initial Percentage x Initial Reference Value; (Initial Reference Value + Participation Factor x (Final Reference Value – Initial Reference Value – Digital Sum / Multiplier))] 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 (if any) depending on the Participation Factor equal to the difference between: (i) the amount deriving from the positive performance of the Underlying and (ii) the sum of the Digital Amounts paid during the life of the Certificates the "**Digital Sum**"). Such further amount, where negative, in any case will not interfere with the invested capital that will be paid back at the maturity.

**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 – Digital Sum / Multiplier))]] x Multiplier} x Minimum Exercise Amount;*

In relation to such type, the investor will receive at the maturity the capital invested plus an amount (if any) depending on the Participation Factor equal to the difference between: (i) the amount deriving from the positive performance of the Underlying and (ii) the Digital Sum. Such further amount, where negative, in any case will not interfere with the invested capital that will be paid back on the Settlement Date. 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.

**F. TWIN WIN CERTIFICATES**

**a. If the Final Reference Value is higher than, or equal to, the 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 on the Settlement Date the capital invested plus an amount equal to the positive performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable regardless whether a Barrier Event has occurred, provided that on the Valuation Date the Final Reference Value is higher than, or equal to, the Initial Reference Value.

**If the relevant Final Terms provide a Cap Level:**

*{Min [(Initial Reference Value + Participation Factor x (Final Reference Value – Initial Reference Value)); Cap Level] 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 equal to the positive performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable regardless of the occurrence of the Barrier Event, provided that on the Valuation Date the Final Reference Value is higher than, or equal to, the Initial Reference Value. 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 (and the Barrier Event, if applicable, has not occurred):**

*{[Initial Reference Value + Down Participation Factor x (Initial Reference Value – 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 equal to the negative 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.

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**CALCULATION METHOD IN THE CASE OF NEGATIVE<sup>2</sup> PERFORMANCE OF THE UNDERLYING – WITH A BARRIER LEVEL (BARRIER CERTIFICATES)**

**(1) BARRIER LEVEL IN THE CASE OF STANDARD CERTIFICATES, MAX LONG CERTIFICATES, SWITCH CERTIFICATES, TWIN WIN CERTIFICATES AND GROWTH & INCOME CERTIFICATES**

In the case of Standard Certificates, Max Long Certificates, Switch Certificates, Growth & Income 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 the following formula:

**(i) WITHOUT PROTECTION LEVEL, AIR BAG FACTOR OR SIGMA AMOUNT**

*(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.

**(ii) WITH A PROTECTION LEVEL (PROTECTED CERTIFICATES)**

*{[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.

**(iii) IN ABSENCE OF A PROTECTION LEVEL AND WITH THE AIR BAG FACTOR (AIR BAG CERTIFICATES)**

*[(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. Consequentially, 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.

**(iv) IN ABSENCE OF A PROTECTION LEVEL AND WITH THE SIGMA AMOUNT (SIGMA CERTIFICATES)**

*[(Final Reference Value x Multiplier) x Minimum Exercise Amount] + 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.

**(2) BARRIER LEVEL IN THE CASE OF SPREAD CERTIFICATES**

In relation to the Spread Certificates, if **a Barrier Level has been provided (indicated as a percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formula:

**(i) WITH THE LIMITED LOSS PERCENTAGE**

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<sup>2</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.

$$\left\{ \left[ \frac{(Initial\ Percentage \times IRV_A \times Multiplier_A) + (Initial\ Percentage \times IRV_B \times Multiplier_B)}{2} \right] \times (1 + Limited\ Loss\ Percentage) \right\} \times MEA$$

Where:

"**Initial Percentage**" means a percentage specified in the applicable Final Terms,

"**IRV<sub>A</sub>**" means the Initial Reference Value of the Underlying A,

"**Multiplier<sub>A</sub>**" means the Multiplier of the Underlying A,

"**IRV<sub>B</sub>**" means the Initial Reference Value of the Underlying B,

"**Multiplier<sub>B</sub>**" means the Multiplier of the Underlying B,

"**Limited Loss Percentage**" means a negative percentage set out in the Final Terms upon which will depend the amount that the investor will receive on the Settlement Date, and

"**MEA**" means the Minimum Exercise Amount.

In this scenario, the amount that the investor will receive on the Settlement Date will depend on the Limited Loss Percentage set out in the relevant Final Terms by the Issuer;

(ii) WITHOUT THE LIMITED LOSS PERCENTAGE AND WITH THE SPREAD PROTECTION

$$\left\{ \left[ \frac{(Initial\ Percentage \times IRV_A \times Multiplier_A) + (Initial\ Percentage \times IRV_B \times Multiplier_B)}{2} \right] \times (1 + Max(Spread\ Protection; Spread)) \right\} \times MEA$$

Where:

"**Initial Percentage**" means a percentage specified in the applicable Final Terms,

"**IRV<sub>A</sub>**" means the Initial Reference Value of the Underlying A,

"**Multiplier<sub>A</sub>**" means the Multiplier of the Underlying A,

"**IRV<sub>B</sub>**" means the Initial Reference Value of the Underlying B,

"**Multiplier<sub>B</sub>**" means the Multiplier of the Underlying B,

"**Spread**" means the differential registered between the performance of the Underlying A and the performance of the Underlying B,

"**Spread Protection**" means a percentage specified in the applicable Final Terms, and

"**MEA**" means the 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 Protection Spread.

(iii) WITHOUT THE LIMITED 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



$$\left\{ \left[ \frac{(\text{Initial Percentage} \times \text{IRV}_A \times \text{Multiplier}_A) + (\text{Initial Percentage} \times \text{IRV}_B \times \text{Multiplier}_B)}{2} \right] \times (1 + \text{Spread}) \right\} \times \text{MEA}$$

Where:

"**Initial Percentage**" means a percentage specified in the applicable Final Terms,

"**IRV<sub>A</sub>**" means the Initial Reference Value of the Underlying A,

"**Multiplier<sub>A</sub>**" means the Multiplier of the Underlying A,

"**IRV<sub>B</sub>**" means the Initial Reference Value of the Underlying B,

"**Multiplier<sub>B</sub>**" means the Multiplier of the Underlying B,

"**Spread**" means the differential registered between the performance of the Underlying A and the performance of the Underlying B, and

"**MEA**" means the 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; 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; 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.

(3) **BARRIER LEVEL IN THE CASE OF MAX SHORT CERTIFICATES**

In relation to the Max Short Certificates, if **a Barrier Level has been provided (indicated as a percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formulas:

(i) **WITH THE SHORT PROTECTION (PROTECTED CERTIFICATES)**

*Max {Short Protection; [Initial Reference Value + (Initial Reference Value - Final Reference Value)] x Multiplier} x Minimum Exercise Amount*

In such case, the protection of the capital invested will depend on the amount that will be set out by the Issuer as the Short Protection.

(ii) **WITHOUT THE SHORT PROTECTION**

*Max {0; [Initial Reference Value + (Initial Reference Value - Final Reference Value)] x Multiplier} x Minimum Exercise Amount*

In such case, the investor will receive on the Settlement Date an amount which is inversely proportional 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.

## **USE OF PROCEEDS**

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

## DESCRIPTION OF THE ISSUER

### History of the Issuer

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

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

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

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

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

### Legal and Commercial Name of the Issuer

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

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

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

### Date of Establishment and Duration of the Issuer

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

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

The Issuer is an Italian bank established as a company limited by shares (*società per azioni*). The Issuer is incorporated and carries out its business under Italian law. The Courts of Milan have jurisdiction in respect of any disputes. The Issuer, both as a bank and as a member of the Intesa Sanpaolo banking group, is subject to the Bank of Italy's prudential supervision. The Issuer is a company belonging to the Intesa Sanpaolo Group, of which Intesa Sanpaolo S.p.A. is the parent company, and is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A.

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

At 31 December 2011, the Issuer's issued and paid-up share capital amounted to €962,464,000, divided into 962,464,000 ordinary shares. The shares are in registered form and undivided. Each ordinary share carries the right to one vote. Intesa Sanpaolo S.p.A. holds directly 100 per cent. of the fully subscribed and paid up share capital of the Issuer.

## **Independent Auditors**

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

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

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

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

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

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

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

## OVERVIEW OF ACTIVITIES

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

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

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

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

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

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

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

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

## ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### Board of Directors

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

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

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

#### NAME AND POSITION

#### PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER

Fabio Roversi Monaco  
Chairman

Chairman of SINLOC S.p.A.  
Chairman of Mandarin Capital Management SGR  
Chairman of Telecom Italia Media

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

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

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

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

No Executive Committee has been appointed.

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

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

#### **General Manager**

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

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

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

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

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

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



| NAME AND POSITION                               | MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER   |
|---|---|
|   | Longhi S.p.A.<br><br>Chairman of the Board of Statutory Auditors of Finmar S.p.A.<br><br>Standing Auditor of G.S. S.p.A.<br><br>Standing Auditor of Telecom Italia S.p.A.               |
| Stefania Mancino<br>Standing statutory auditor  | Standing Auditor of Italgas S.p.A.  |
| Riccardo Rota<br>Standing statutory auditor     | Standing Auditor of IMI Investimenti S.p.A.<br><br>Standing Auditor of Martini & Rossi S.p.A.<br><br>Chairman of the Board of Statutory Auditors of certain Companies in the Fiat Group |
| Carlo Bertola<br>Alternate statutory auditor    | Standing Auditor of Angelo Moratti S.a.p.A.<br><br>Standing Auditor of Fratelli Fontana S.p.A.  |
| Alessandro Cotto<br>Alternate statutory auditor | Standing Auditor of Intesa Sanpaolo Vita S.p.A.<br><br>Standing Auditor of IN.FRA S.p.A.  |

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

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

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

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

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

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

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

### ***Tax Litigation***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With regard to the Issuer's participation as a member of the underwriting syndicate in the above-mentioned public offering of subordinated bonds issued in October 2006 by Lehman Brothers Holdings Inc., the Issuer was also called as defendant in May 2008, together with former corporate executives of Lehman Brothers Holdings

Inc. and other financial intermediaries, in an individual legal action brought by a US public pension fund before the court of Thurston county in the State of Washington (USA).

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

### ***SARAS Litigation***

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

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

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

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

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

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

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

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

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

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

**31 December 2012 31 December 2011***(per cent.)*

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

The following tables contain certain selected income statement and balance sheet figures extracted from the Issuer's audited non-consolidated financial statements for the financial year ending 31 December 2012, compared with corresponding figures for the financial year ending 31 December 2011.

***Income Statement Figures***

|   | <b>31 December<br/>2012</b> | <b>31 December<br/>2011</b> | <b>Percentage<br/>Variation</b> |
|---|-----------------------------|-----------------------------|---------------------------------|
|   | <i>(EUR million)</i>        |                             | <i>(per cent.)</i>              |
| Net interest income                       | 560.9                       | 549.9                       | 2.0                             |
| Total income                              | 1,462.4                     | 1,165.9                     | 25.4                            |
| Operating expenses                        | 349.4                       | 317.1                       | 10.2                            |
| Net financial income                      | 1,352.5                     | 1,111.2                     | 21.7                            |
| Pre-tax profit from continuing operations | 1,003.0                     | 794.1                       | 26.3                            |
| Profit for the year                       | 641.0                       | 512.1                       | 25.2                            |

***Balance Sheet Figures***

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

The following table contains certain selected solvency and credit quality indicators relating to the Issuer on a consolidated basis as at 31 December 2012, compared to corresponding figures as at 31 December 2011<sup>3</sup>.

|  | <b>31 December 2012</b> | <b>31 December 2011</b> |
|--|-------------------------|-------------------------|
|  | <i>(per cent.)</i>      |                         |
| Tier 1 capital ratio                   | n/a                     | n/a                     |
| Core Tier 1                            | n/a                     | n/a                     |
| Total capital ratio                    | n/a                     | n/a                     |
| Gross non-performing loans/commitments | 0.17                    | 0.21                    |
| Net non-performing loans/commitments   | 0.04                    | 0.05                    |
| Gross doubtful loans/commitments       | 2.05                    | 1.63                    |
| Net doubtful loans/commitments         | 1.69                    | 1.33                    |
| Regulatory capital                     | n/a                     | n/a                     |

The following tables contain certain selected income statement and balance sheet figures extracted from the Issuer's audited consolidated financial statements for the financial year ending 31 December 2012, compared with corresponding figures for the financial year ending 31 December 2011.

### **Income Statement Figures**

|  | <b>31 December<br/>2012</b> | <b>31 December<br/>2011</b> | <b>Percentage variation</b> |
|--|-----------------------------|-----------------------------|-----------------------------|
|--|-----------------------------|-----------------------------|-----------------------------|

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<sup>3</sup> Banca IMI is not the Parent Company of a Banking Group, accordingly balance sheet figures and risks connected to prudential supervision on a consolidated basis are not included.

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

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

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

### **RECENT EVENTS**

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

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

|                      | <b>31 March 2013</b> | <b>31 December 2012</b> |
|----------------------|----------------------|-------------------------|
|                      | <i>(per cent.)</i>   |                         |
| Tier 1 capital ratio | 12.60                | 13.41                   |
| Core Tier 1          | 12.60                | 13.41                   |
| Total capital ratio  | 12.60                | 13.52                   |

**31 March 2013**    **31 December 2012**

*(per cent.)*

**Regulatory capital (in EUR millions)**

|               |         |         |
|---------------|---------|---------|
| Tier 1        | 2,739.8 | 2,789.1 |
| Tier 2        | -       | 21.9    |
| Total capital | 2,739.8 | 2,811.0 |

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

***Income Statement Figures***

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

***Balance Sheet Figures***

|                  | <b>31 March<br/>2013</b> | <b>31 December<br/>2012</b> | <b>Percentage<br/>variation</b> |
|------------------|--------------------------|-----------------------------|---------------------------------|
|                  | <i>(EUR million)</i>     |                             | <i>(per cent.)</i>              |
| Net investments  | 24,018.9                 | 22,584.8                    | 6.3                             |
| Net revenue      | 26,839.5                 | 26,471.0                    | 1.4                             |
| Indirect revenue | 0.0                      | 0.0                         | 0.0                             |
| Financial assets | 72,172.1                 | 75,938.7                    | -5.0                            |



|               | <b>31 March<br/>2013</b> | <b>31 December<br/>2012</b> | <b>Percentage<br/>variation</b> |
|---------------|--------------------------|-----------------------------|---------------------------------|
|               | <i>(EUR million)</i>     |                             | <i>(per cent.)</i>              |
| Total assets  | 150,795.9                | 151,428.8                   | -0.4                            |
| Net equity    | 3,512.4                  | 3,382.3                     | 3.8                             |
| Share Capital | 962.5                    | 962.5                       | 0.0                             |

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

### **Income Statement Figures**

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

### **Balance Sheet Figures**

|                  | <b>31 March<br/>2013</b> | <b>31 December<br/>2012</b> | <b>Percentage<br/>variation</b> |
|------------------|--------------------------|-----------------------------|---------------------------------|
|                  | <i>(EUR million)</i>     |                             | <i>(per cent)</i>               |
| Net investments  | 24,079.1                 | 22,653.2                    | 6.3                             |
| Net revenue      | 26,800.6                 | 26,435.7                    | 1.4                             |
| Indirect revenue | 0.0                      | 0.0                         | 0.0                             |
| Financial assets | 72,211.9                 | 75,973.7                    | -5.0                            |

|               | <b>31 March<br/>2013</b> | <b>31 December<br/>2012</b> | <b>Percentage<br/>variation</b> |
|---------------|--------------------------|-----------------------------|---------------------------------|
|               | <i>(EUR million)</i>     |                             | <i>(per cent)</i>               |
| Total assets  | 151,489.8                | 151,792.5                   | -0.2                            |
| Net equity    | 3,604.0                  | 3,477.1                     | 3.6                             |
| Share Capital | 962.5                    | 962.5                       | 0.0                             |

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

## **OVERVIEW OF THE FINANCIAL INFORMATION**

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

The annual financial information below as at and for the years ended 31 December 2012 and 31 December 2011 has been derived from the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012 (the **2012 Annual Financial Statements**) that include comparative figures as at and for the year ended 31 December 2011. The 2012 Annual Financial Statements have been audited by KPMG S.p.A., auditors to Banca IMI S.p.A., who issued their audit report on 16 March 2013.

### **Incorporation by Reference**

The annual financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned annual financial statements, together with the accompanying notes and auditors' reports.

### **Accounting Principles**

The annual and half-yearly financial statements of the Issuer have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002. The half-yearly financial statements of the Issuer have been prepared in compliance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

## **CONSOLIDATED ANNUAL BALANCE SHEET**

The annual financial information below includes comparative figures as at and for the years ended 31 December 2012 and 31 December 2011.

| <b>Assets</b>             | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|---------------------------|---------------------------------|---------------------------------|
|                           | <i>(EUR thousand)</i>           |                                 |
| Cash and cash equivalents | 3                               | 3                               |

| <b>Assets</b>                       | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|-------------------------------------|---------------------------------|---------------------------------|
|                                     | <i>(EUR thousand)</i>           |                                 |
| Financial assets held for trading   | 69,259,238                      | 59,622,811                      |
| Available-for-sale financial assets | 6,714,432                       | 6,745,435                       |
| Due from banks                      | 56,403,295                      | 56,635,055                      |
| Loans to customers                  | 17,398,110                      | 14,012,386                      |
| Hedging derivatives                 | 1,091,276                       | 988,621                         |
| Equity investments                  | 13,535                          | 10,070                          |
| Property and equipment              | 751                             | 752                             |
| Intangible assets                   | 194,183                         | 194,216                         |
| of which:                           |                                 |                                 |
| - goodwill                          | 194,070                         | 194,070                         |
| Tax assets                          | 294,160                         | 541,901                         |
| a) current                          | 101,558                         | 217,507                         |
| b) deferred                         | 192,602                         | 324,394                         |
| Other assets                        | 423,522                         | 467,732                         |
| <b>Total Assets</b>                 | <b>151,792,505</b>              | <b>139, 218,982</b>             |

## CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2012 and 31 December 2011.

| <b>Liabilities and Equity</b>                               | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|---|---------------------------------|---------------------------------|
|   | <i>(EUR thousand)</i>           |                                 |
| Due to banks  | 42,471,641                      | 42,145,742                      |
| Due to customers  | 7,602,384                       | 4,479,861                       |
| Securities issued   | 32,764,994                      | 32,907,923                      |
| Financial liabilities held for trading                      | 64,004,171                      | 54,717,953                      |
| Financial liabilities at fair value through profit and loss |                                 | 684,942                         |
| Hedging derivatives   | 674,160                         | 680,992                         |
| Tax liabilities   | 392,734                         | 318,490                         |
| a) current  | 366,462                         | 315,905                         |
| b) deferred   | 26,272                          | 2,585                           |

**Liabilities and Equity**

|  | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|--|---------------------------------|---------------------------------|
|  | <i>(EUR thousand)</i>           |                                 |
| Other liabilities                                      | 372,892                         | 458,523                         |
| Post-employment benefits                               | 8,727                           | 7,930                           |
| Provisions for risks and charges                       | 23,680                          | 16,423                          |
| <i>a) pensions and similar obligations</i>             | <i>12</i>                       | <i>12</i>                       |
| <i>b) other provisions</i>                             | <i>23,668</i>                   | <i>16,411</i>                   |
| Fair value reserves                                    | (105,866)                       | (392,234)                       |
| Reserves   | 1,396,770                       | 1,132,179                       |
| Share premium reserve                                  | 581,260                         | 581,260                         |
| Share capital  | 962,464                         | 962,464                         |
| Equity attributable to non-controlling interests (+/-) | -                               | -                               |
| Profit for the year                                    | 642,494                         | 516,534                         |
| <b>Total Liabilities and Equity</b>                    | <b>151,792,505</b>              | <b>139,218,982</b>              |

**CONSOLIDATED ANNUAL INCOME STATEMENT**

The annual financial information below includes comparative figures as at and for the years ended 31 December 2012 and 31 December 2011.

|  | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|--|---------------------------------|---------------------------------|
|  | <i>(EUR thousand)</i>           |                                 |
| Interest and similar income                    | 2,382,980                       | 2,190,204                       |
| Interest and similar expense                   | (1,815,889)                     | (1,627,472)                     |
| <b>Net interest income</b>                     | <b>567,091</b>                  | <b>562,732</b>                  |
| Fee and commission income                      | 399,258                         | 343,313                         |
| Fee and commission expense                     | (178,332)                       | (84,906)                        |
| <b>Net fee and commission income</b>           | <b>220,926</b>                  | <b>258,407</b>                  |
| Dividends and similar income                   | 334,347                         | 367,932                         |
| Profits (Losses) on trading                    | 246,636                         | (57,335)                        |
| Profit (Losses) on hedging                     | 17,467                          | 2,818                           |
| Profits (Losses) on disposal or repurchase of: | 114,034                         | 45,059                          |
| <i>a) loans and receivables</i>                | <i>3,499</i>                    | <i>9,551</i>                    |
| <i>b) available-for-sale financial assets</i>  | <i>123,954</i>                  | <i>29,053</i>                   |
| <i>c) held-to-maturity investments</i>         | <i>-</i>                        | <i>-</i>                        |

|  | <b>31</b>             | <b>31</b>        |
|--|-----------------------|------------------|
|  | <b>December</b>       | <b>December</b>  |
|  | <b>2012</b>           | <b>2011</b>      |
|  | <i>(EUR thousand)</i> |                  |
| <i>d) financial liabilities</i>  | <i>(13,419)</i>       | <i>6,455</i>     |
| Profits (Losses) on financial assets and liabilities at fair value through profit and loss | (25,062)              | 883              |
| <b>Total income</b>  | <b>1,475,439</b>      | <b>1,180,496</b> |
| Impairment losses/reversal of impairment losses on:  | (110,549)             | (50,013)         |
| <i>a) loans and receivables</i>  | <i>(105,228)</i>      | <i>(29,648)</i>  |
| <i>b) available-for-sale financial assets</i>  | -                     | -                |
| <i>c) held-to-maturity investments</i>   | -                     | -                |
| <i>d) other financial assets</i>   | <i>(5,321)</i>        | <i>(20,365)</i>  |
| <b>Net financial income</b>  | <b>1,364,890</b>      | <b>1,130,483</b> |
| <b>Net banking and insurance income</b>  | <b>1,364,890</b>      | <b>1,130,483</b> |
| Administrative expenses  | (350,581)             | (315,745)        |
| <i>a) personnel expenses</i>   | <i>(131,760)</i>      | <i>(112,264)</i> |
| <i>b) other administrative expenses</i>  | <i>(218,821)</i>      | <i>(203,481)</i> |
| Net accruals to provision for risks and charges  | (16,000)              | (14,300)         |
| Depreciation and net impairment losses on property and equipment                           | (358)                 | (403)            |
| Amortisation and net impairment losses on intangible assets                                | (31)                  | (42)             |
| Other operating income (expenses)  | 4,771                 | 3,451            |
| <b>Operating expenses</b>  | <b>(362,199)</b>      | <b>(327,039)</b> |
| Net gains on sales of equity investments   | 4,396                 | 1,704            |
| <b>Pre-tax profit from continuing operations</b>   | <b>1,007,087</b>      | <b>805,148</b>   |
| Income tax expense   | (364,593)             | (288,614)        |
| <b>Post-tax profit from continuing operations</b>  | <b>642,494</b>        | <b>516,534</b>   |
| <b>Profit for the year</b>   | <b>642,494</b>        | <b>516,534</b>   |
| Profit (loss) attributable to non-controlling interests                                    | -                     | -                |
| <b>Profit attributable to the owners of the parent</b>                                     | <b>642,494</b>        | <b>516,534</b>   |

## OFFERING AND SALE

The Certificates may be offered to retail clients, professional clients and other eligible counterparties. No action has been or will be taken by the Issuer that would permit a public offering of any Certificates or possession or distribution of any offering material in relation to any Certificates in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Certificates, or distribution of any offering material relating to any Certificates, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

### United States

No Securities of any series have been, or will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or under any state securities laws and trading in the Securities has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. The Securities are only being offered and sold pursuant to the registration exemption provided by Regulation S under the Securities Act. No Securities of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the states therein and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the **United States**) or directly or indirectly offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered to, or for the account or benefit of, any "U.S. person" as such term is defined in Regulation S under the Securities Act. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each Manager of an issue of Securities will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Securities of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Manager of an issue of Securities will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Securities at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any "directed selling efforts" (as defined in Regulation S of the Securities Act) with respect to the Securities and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Any person purchasing Securities of any series must agree with the Manager or the seller of such Securities that (i) it is not a U.S. person and it is not located in the United States and was not solicited to purchase the Securities while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (iii) it is not purchasing any Securities of such series for the account or benefit of any U.S. person and (iv) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of Securities will also be required to agree, and any person purchasing Securities of any series must agree, to send each person who purchases any Securities of such series from it at or prior to confirmation of sale of any Securities, a written confirmation (which shall include the definitions of "United States" and "U.S. persons" set forth herein) stating that the Securities have not been registered under the Securities Act or any state securities laws, and trading in the Securities has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended, and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

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

### **US Tax Selling Restrictions**

Securities that are treated as bearer debt for U.S. federal tax purposes and constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA Notes”) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except in compliance with (i) US Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the “**D Rules**”), or (ii) US Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the “**C Rules**”).

With respect to TEFRA Notes issued in compliance with the D Rules, the Issuer and each Manager has represented and agreed that:

- (i) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the required restricted period it will not offer or sell such TEFRA Notes to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Global Securities that are TEFRA Notes that will be sold during the restricted period;
- (ii) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such TEFRA Notes are aware that such TEFRA Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);
- (iii) if it is a United States person, it is acquiring such TEFRA Notes for purposes of resale in connection with their original issuance, and if it retains such TEFRA Notes for its own account, it will do so in accordance with the requirements of the D Rules; and

with respect to each affiliate or distributor that acquires such TEFRA Notes from the Issuer or the Manager for purpose of offering or selling such TEFRA Notes during the restricted period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in paragraphs (i), (ii) and (iii) above on such affiliate’s or distributor’s behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Dealer the representations and agreements contained in such paragraphs.

With respect to TEFRA Notes issued in compliance with the C Rules, the Issuer and each Manager has represented and agreed that:

- (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such TEFRA Notes within the United States or its possessions in connection with their original issuance; and
- (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its US office, if any, in the offer or sale of such TEFRA Notes.

Terms used in this section shall have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, (**Code**) and the US Treasury Regulations promulgated thereunder, including the C Rules and the D Rules.

The Hiring Incentives to Restore Employment Act of 2010 repealed the C Rules and D Rules for TEFRA Notes issued after 18 March 2012. However, in Notice 2012-20, the US Department of Treasury and the US Internal Revenue Service indicated that they intend to provide in regulations that rules identical to the C Rules and D Rules will apply to non-US issuers of TEFRA Notes for purposes of establishing an exemption from the excise tax imposed by Section 4701 of the Code. (The amount of the excise tax is one per cent. of the principal amount of the obligation, multiplied by the number of calendar years until the obligation

reaches maturity.) Consequently, TEFRA Notes issued in accordance with the C Rules or D Rules should continue to be treated as “foreign targeted obligations” that are exempt from the excise tax.



### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) the Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, such Securities may be offered to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to the prior consent of the relevant Manager(s) nominated by the Issuer for any such offer having been obtained; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the publication by the Issuer or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive or the supplementing by the Issuer or any Manager of a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Securities to the public** in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU..

## Republic of Italy

The offering of the Securities has not been registered and will not be registered with the Italian Financial Regulator (*Commissione Nazionale per le Società e la Borsa* or "**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Dealer has represented and agreed, and each further Dealer appointed under the Programme and each other Dealer will be required to represent and agree, that no Securities may be offered, sold, promoted, advertised or delivered, directly or indirectly, to the public in the Republic of Italy, nor may copies of this Base Prospectus, any Final Terms or any other document relating to the Securities be distributed, made available or advertised in the Republic of Italy, except:

- (1) if it is specified within the relevant Final Terms that a non-exempt offer may be made in the Republic of Italy, that each Dealer may offer, sell or deliver Securities or distribute copies of any prospectus relating to such Securities, provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB, and (ii) completed by final terms (if applicable) expressly contemplating such non-exempt offer, in an offer of financial products to the public in the period commencing on the date of approval of such prospectus, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the Italian Legislative Decree No. 58 of 24<sup>th</sup> February, 1998 as amended from time to time (the "**Italian Financial Services Act**") and CONSOB Regulation No. 11971 as amended from time to time ("**CONSOB Regulation No. 11971**"), until 12 months after the date of approval of such prospectus; or
- (2) to "**Qualified Investors**" (*Investitori Qualificati*) as defined pursuant to article 100, paragraph 1(a) of Italian Financial Services Act, and in article 34-ter, paragraph 1(b) of CONSOB Regulation No. 11971; or
- (3) in any other circumstances where an express applicable exemption from compliance with the restrictions on the offer of financial products to the public applies, as provided under the Italian Financial Services Act and/or CONSOB Regulation No. 11971 and any other applicable laws and regulations.

Any such offer, sale or delivery of the Securities or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Securities in the Republic of Italy under (1), (2) or (3) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, and CONSOB Regulation No. 16190 of 29<sup>th</sup> October, 2007 (each as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or any other Italian competent authority.

### ***Provisions relating to the secondary market in Republic of Italy***

Investors should also note that, in accordance with article 100-bis of the Italian Financial Services Act:

- (x) if any of the Securities have been initially placed pursuant to an exemption to publish a prospectus, the subsequent distribution of such Securities on the secondary market in Italy which is not carried out under an exemption pursuant to (2) or (3) must be made in compliance with the rules on offer of securities to the public provided under the Italian Financial Services Act and CONSOB Regulation No. 11971;
- (y) if any of the Securities which have been initially placed with Qualified Investors in Italy or abroad are then systematically resold to non-Qualified Investors at any time in the 12 months following such placing, such resale would qualify as an offer of securities to the public if no exemption under (3) above applies. Where this occurs, if a prospectus compliant with the Prospectus Directive has not been

published, purchasers of such Securities (who are acting outside of the course of their business or profession) may be entitled to obtain that the resale is declared null and void and the authorised entities ("*soggetti abilitati*" as defined in the Italian Financial Services Act) transferring the Securities may be held liable for any damages suffered by the purchasers; and

- (z) any intermediary subsequently reselling the Securities is entitled to rely upon the prospectus published by the issuer or the person responsible for drawing up a prospectus as long as this is valid, duly supplemented in accordance with the Italian Financial Services Act and CONSOB Regulation No. 11971 and provided that the issuer or the person responsible for drawing up a prospectus gives its written consent to its use.

### **United Kingdom**

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) may only be communicated or caused to be communicated in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Securities which have a maturity of less than one year (i) will only be sold by a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) will not be offered or sold other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

All applicable provisions of the FSMA must be complied with in respect to anything done in relation to any Securities in, from or otherwise involving, the United Kingdom.

### **The Grand Duchy of Luxembourg**

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

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

### **Portuguese Republic**

Regarding any offer or sale of Securities in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, any Manager or any distributor of Securities will be required to agree that all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), any regulations issued by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) including its Regulation 2/2012 regarding information duties related with complex financial products and marketing of operations and insurances connected with investment funds (if applicable) and Commission Regulation (EC) No. 809/2004 as further amended implementing the Prospectus Directive will be complied with in respect of any placement or distribution of Securities, and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, prospected, invited to subscribe, gathered or solicited investment intentions, issued any promotional material, sold or delivered and will not directly or indirectly take any action, offer, advertise, market, prospect, invite to subscribe, gather or solicit investment intentions, issue any promotional material, sell, re-sell, re-offer or deliver any Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or any other relevant laws and regulations, qualify as a private placement of Securities only (*oferta particular*), in particular, if the Securities are offered only to qualified investors, or are offered only to less than 100 (one hundred) or more people who are non-qualified investors resident or established in Portugal; (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed, the Prospectus, or any other offering or promotional material relating to the Securities, to the public in Portugal. Furthermore, (a) if the Securities are subject to a private placement addressed exclusively to qualified investors as defined, from time to time, in the relevant provisions of the Portuguese Securities Code (*investidores qualificados*), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; and (b) private placements addressed by companies open to public investment (*sociedades abertas*) or by issuers of securities listed on a regulated market shall be notified to the CMVM for statistics purposes.

## **Germany**

The Securities may only be offered in Germany in compliance with the Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable German laws.

## **France**

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

### (i) Offer to the public in France:

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

### (ii) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, Securities to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in

France, the prospectus or any other offering material relating to the Securities, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties (*les personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors acting for their own account (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## **The Netherlands**

### *- Offer to the public*

No offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive may be made unless:

- (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
- (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "FMSA"); or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

provided that no such offer of Securities shall require the Issuer (or any dealer) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expressions (i) an "offer of Notes to the public" in relation to any Notes in the Netherlands; and (ii) "Prospectus Directive", have the meaning given to them above in the paragraph headed with "Public Offer Selling Restriction Under the Prospectus Directive".

### *- Zero Coupon Notes*

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

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

In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be

recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Zero Coupon Notes.

## **Belgium**

The offering of the Securities has not been registered pursuant to the Belgian securities legislation and consequently, no Securities may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Securities be distributed in Belgium, except under the conditions set out below.

(i) Offer to the public in Belgium:

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

(ii) Private placement in Belgium:

In case of a private placement of Securities in Belgium, the Issuer or Manager shall not take any action or permit an offer of Securities to the public in Belgium, and, in particular, they will not make this prospectus or any other offering material relating to the Securities available to the public or cause it to be made available to the public. The Issuer or Manager will not use this prospectus or any other offering material relating to the Securities or cause it to be used in connection with any public offering for subscription of the Securities in Belgium, and it will not publicly issue, offer or sell the Securities in Belgium.

In accordance with Article 3 of the Prospectus Law, certain types of offers are not considered as offers to the public. This includes offers (i) to less than 100 natural or legal persons other than certain qualified investors (per Relevant Member State), (ii) to certain qualified investors only, (iii) to investors that are required to acquire Securities for a total consideration of EUR 50,000 or more (or its equivalent in foreign currencies) per investor and per separate offer, or (iv) of Securities with a nominal value of at least EUR 50,000 per Security. In case of a private placement, prospective acquirers shall only acquire Securities for their own account. In addition, the Securities shall not be offered or sold to any person qualifying as a consumer within the meaning of the Belgian law of 6 April 2010 on market practices and consumer protection, unless such offer or sale is made in compliance with this law and its implementing regulation.

The 2010 PD Amending Directive has not yet been formally implemented in Belgian law, even though the implementation deadline was 1 July 2012. In a Communication of 21 June 2012, the FSMA has made its policy known which is in effect since 1 July 2012, while awaiting the complete transposition of the 2010 PD Amending Directive into Belgian law. The FSMA considers the provisions of the 2010 PD Amending Directive to have "vertical direct effect". Combined with the principle of the primacy of the European Union legislation, this means that the provisions of the 2010 PD Amending Directive will be applied at the FSMA's initiative as from 1 July 2012, if that is in the best interest of the issuers.

## **Ireland**

Any offer, sale, placement or underwriting of, or any other action in connection with, any Securities in or involving Ireland must be in conformity with the following:

- (a) the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012 of Ireland, the provisions of the Companies Acts 1963 to

2012 of Ireland, including any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended) by the Central Bank of Ireland and the Central Bank Acts 1942 to 2011 of Ireland (as amended) and any codes of conduct made under Section 117(1) thereof;

- (b) the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (as amended) and any rules made by the Central Bank of Ireland pursuant thereto, including any rules issued under Section 34 of the Investments Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland; and
- (c) the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) including, without limitation, Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998.

## Spain

Neither the Securities nor this Base Prospectus have been authorised or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). The Securities may not be offered, sold or delivered in Spain except in circumstances which do not constitute a public offering of securities in Spain within the meaning of *Ley 24/1988, de 28 de julio, del Mercado de Valores* (the "**Spanish Securities Market Law**") and Royal Decree 1310/2005 of 4 November (*Real Decreto 1310/2005 de 4 de noviembre*), both as amended and restated, and supplemental rules enacted thereunder or in substitution thereof from time to time.

Under article 30 bis of the Spanish Securities Market Law, constitutes a public offer for sale or subscription of securities any communication to persons in any form or by any means that facilitates sufficient information about the terms of the offer and of the securities offered so it permits an investor to decide about the acquisition or subscription of these securities.

Under such article 30 bis of the Spanish Securities Market Law the obligation to publish a prospectus shall not apply to any of the following types of offers which, as a result and to the effects of the Spanish Securities Market Law, shall not be considered as a public offer: (i) an offer addressed exclusively to qualified investors (as they are defined under Spanish regulations); (ii) an offer of securities addressed to fewer than 150 legal or natural persons per Member Estate, not including qualified investors; (iii) an offer of securities addressed to investors that acquire securities for a minimum amount of €100,000 per investor and for each separate offer; (iv) an offer of securities with a nominal value per unit of at least €100,000; (v) an offer of securities for a total amount in the European Union below €5,000,000, to be calculated over a period of 12 months.

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

## Czech Republic

In relation to the Czech Republic, with effect from implementation of the Prospectus Directive in the Czech Republic (the **Relevant Implementation Date**), the Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto may not be offered to the public in the Czech Republic, except that it may be offered to the public in the Czech Republic:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to § 34(4)(g) and § 35(2) of Act No. 256/2004 Coll., on Carrying on Business in Capital Market, as amended (the **Czech Capital Market Act**) in the Czech Republic (a **Non-exempt Offer**), upon the satisfaction of the following conditions:
  - (i) the publication in the Czech Republic of a prospectus in relation to such Securities, which prospectus has been approved by the Czech National Bank (the **CNB**), and additionally, where

applicable, the publication in the Czech Republic of a supplemental prospectus approved by the CNB and/or in case that such approved prospectus is a base prospectus, the publication in the Czech Republic of the final terms completing such base prospectus, as well as the notification of such final terms to the CNB; or

- (ii) the publication in the Czech Republic of a prospectus and, where applicable, supplement prospectus in relation to such Securities, which prospectus and/or supplement prospectus have been approved by the Issuer's home or other competent EU Member State supervising authority, and in relation to which such supervising authority has provided the CNB with a certificate of approval, as well as with other documents pursuant to § 36f of the Czech Capital Market Act, and, in addition, in case that such approved prospectus is a base prospectus, the publication in the Czech Republic and, if applicable, in the Issuer's home or other EU Member State of the final terms completing such base prospectus, as well as the notification of such final terms to the CNB and, if applicable, the Issuer's home or other competent EU Member State supervising authority,

however only in the period beginning and ending on the dates specified in such prospectus, supplement prospectus or final terms, as applicable, provided that such period cannot terminate later than as at the termination of such prospectus' validity and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) if such offer is made exclusively to qualified investors as defined in § 34(3) of the Czech Capital Market Act;
- (c) if such offer is made to fewer than 150 persons (other than qualified investors as defined in § 34(3) of the Czech Capital Market Act) in Czech Republic, subject to the prior consent of the relevant Manager(s) nominated by the Issuer for any such offer been obtained;
- (d) if it is an offer of securities with lowest possible investment per investor equal to or greater than an amount corresponding to a limit in EUR determined by Government Decree No. 190/2011 Coll., on determination of limits of respective amounts in EUR with respect to regulation of public offer of investment securities, securities prospectus and information duty of an issuer of respective investment securities and other persons, as amended (the **Decree**);
- (e) if it is an offer of securities with a nominal value or price per unit amounting to at least an amount corresponding to a limit in EUR determined by the Decree; or
- (f) if it is an offer of securities with a total consideration lower than EUR 1,000,000; such consideration shall be calculated for securities offered during a period of 12 months in all EU Member States;

however only provided that: in relation to any offer of Securities referred to in (b) to (f) above, neither the Issuer nor any Manager will be obliged to proceed with any of the following actions: obtain the CNB's approval of a prospectus and/or a supplement prospectus; passport a prospectus and/or a supplement prospectus, already approved by the Issuer's home or other competent EU Member State supervising authority, into the Czech Republic; notify final terms to the CNB and, if applicable, to the Issuer's home or other competent EU Member State supervising authority or publish a prospectus (and, where applicable, the final terms) and/or a supplemental prospectus in the Czech Republic and, if applicable, in the Issuer's home or other EU Member State.

Each Manager has represented, warranted and undertaken, and each further Manager appointed under this Programme will be required to represent, warrant and undertake, that it has not taken and will not take any action: (i) for the due and lawful exercise of which the approval of, permit by or consent of, and/or an application to, registration with or notification to, the CNB or any other Czech or EU Member State authority in respect of the Securities would be required pursuant to applicable Czech laws, or which would lead to requirement of approval of, permit by, consent of, application to, registration with and/or notification to the CNB or any other Czech or EU Member State authority in respect of the Securities pursuant to applicable Czech laws; except for action(s) consisting in the offer of the Securities in the Czech Republic under the conditions



listed in paragraphs (a), (b), (c), (d), (e) or (f) above and in the immediately preceding paragraph, or except for action explicitly requested or in advance approved by the Issuer, (ii) which would lead to the issue of the Securities by the Issuer being qualified (considered) as "receiving deposits from the public" under Act No. 21/1992 Coll., on Banks, as amended (the **Czech Bank Act**), and/or (iii) which would or could lead to the Issuer being considered to be supporting/publicising activities prohibited by Act No. 189/2004 Coll., on Collective Investment, as amended (the **Czech Collective Investment Act**).

Each Manager has further represented, warranted and undertaken, and each further Manager appointed under the Programme will be required further to represent, warrant and undertake, that in relation to the Securities it has complied with and will comply with any and all applicable Czech laws, and, in particular, with the Czech Capital Market Act (including, among others, the regulation applicable to the provision of investment services in the Czech Republic), the Czech Collective Investment Act, the Czech Bank Act and the practice of the CNB or any other competent authority.

Any other person (i.e. other than the Issuer and Manager) that offers or intends to offer the Securities in the Czech Republic may only do so provided that (i) no obligation will arise for the Issuer and/or any Manager to prepare and/or publish any prospectus (and, if applicable, final terms) and/or a supplement prospectus, to obtain any approval of, permit by or consent of, and/or to proceed with an application to, registration with or notification to, the CNB or any other Czech or EU Member State authority in respect of the Securities pursuant to applicable Czech laws; (ii) such activity would not lead to the issue of the Securities by the Issuer being considered as "receiving deposits from the public" under Czech Bank Act; (iii) such activity would not lead to the Issuer being considered to be supporting/publicising activities prohibited by Czech Collective Investment Act; and (iv) any such person has complied with and will comply with any and all applicable Czech laws, and, in particular, with the Czech Capital Market Act (including, among others, regulations applicable to the provision of investment services in the Czech Republic), the Czech Collective Investment Act, the Czech Bank Act and the practice of the CNB or any other competent authority. In case of an offer for which a publication of a prospectus (and, if applicable, final terms) and/or a supplement prospectus is needed, such other person would need to prepare its own prospectus and/or supplement prospectus.

For the purposes of these provisions on Czech selling restrictions, the expression an **offer of Securities to the public** in relation to any Securities in the Czech Republic means any communication to a wider group of persons containing information about offered Securities and conditions for their acquisition, which information is sufficient so as to enable an investor to make a decision to purchase or subscribe for these Securities, and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Czech Republic), and includes any relevant implementing measure in the Czech Republic and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

## **Poland**

Poland is a Relevant Member State and the Securities may only be offered in Poland in cases described in the Public Offer Selling Restriction under the Prospectus Directive (above). Any offer of Securities to the public in Poland would require a prior notification to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and publication of the Base Prospectus in accordance with Polish regulations on public offering.

## **Hungary**

Should the Securities be offered in a public offer as defined in Act CXX of 2001 on the Capital Markets, or listed on a regulated market in Hungary, the applicable legal requirements provided by Act CXX of 2001 on the Capital Markets and other relevant legal provisions effective in Hungary shall be complied with. The Base Prospectus has not been and will not be submitted for approval to the Hungarian Financial Supervisory Authority, however, in the case where the Securities are intended to be offered in a public offer or listed on a regulated market in Hungary, the competent regulator of the Relevant Member State approving the Base Prospectus shall certify to the Hungarian Financial Supervisory Authority that it has been prepared according to the Prospectus Directive. Each Manager has confirmed its awareness of the above.

If the Securities are offered in a private placement in Hungary, the Issuer must report such private placement to the Hungarian Financial Supervisory Authority within 15 days from the closing date of the private placement.

Each Manager has represented and agreed that if the Securities are offered in a private placement in Hungary, (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement; (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial or legal situation and its expected development, including that which was discussed in any personal consultation with an investor; and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

### **Slovak Republic**

The public offering of securities in the Slovak Republic is governed by the Act no. 566/2001 on Securities as amended (hereinafter referred to as "**Act on Securities**") and other applicable laws and regulations valid in the Slovak Republic, including the regulations imposed by the National Bank of Slovakia (*Národná banka Slovenska*) as the competent supervising authority. The Act on Securities fully complies with the Prospectus Directive, as amended by the 2010 PD Amending Directive.

As a general rule, and unless stated otherwise in the Act on Securities, public offering of securities (*verejná ponuka cenných papierov*) is prohibited without the prior publication of prospectus approved by the National Bank of Slovakia. If the prospectus is approved by the competent authority of the Member State other than Slovak Republic and the securities are to be offered to the public in Slovak Republic, the Issuers will need to have their prospectuses properly passported unless the applicable Slovak rules provide for the exemption from the requirement to publish a prospectus.

Public offer of securities includes any relevant information granted to a wider audience in any form by any means, which includes sufficient details about the conditions of the offer and about the offered securities. Public offers can be placed by domestic or foreign investment firms.

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

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

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

The exemption in relation to securities mentioned under (ii) in the previous paragraph shall also apply to companies incorporated outside the territory of Member States whose securities are admitted to trading on a regulated market or a market in a non-Member State. If securities mentioned in the first sentence are admitted to trading on a market in a non-Member State, provision mentioned under (ii) in the previous paragraph shall be applicable, if adequate information including document mentioned under (ii) in the previous paragraph is available at least in a language customary in the sphere of international finance and provided that Commission has adopted an equivalence decision regarding the market of a non-Member State on the basis of a request by the National Bank of Slovakia or the competent authority of another Member State.

### **The Republic of Slovenia**

The Securities may only be offered publicly in Slovenia if:

- (a) a prospectus in relation to the Securities has been published in Slovenia during the period of the last 12 months which has been previously approved either (i) by the Slovenian Securities Market Agency (*Agencija za trg vrednostnih papirjev*) (the “**ATVP**”) or (ii) by the competent authority of another member state of the European Union (each a “**Member State**”) and notified to the ATVP in accordance with Directive 2003/71/EC (the “**Prospectus Directive**”); or
- (b) an exemption from the obligation to publish a prospectus, as provided in the Slovenian Market in Financial Instruments Act (*Zakon o trgu finančnih instrumentov*) (**ZTFI**), applies to the following types of offers of securities:
  - (i) if the offer is addressed solely to qualified investors (*dobro poučeni vlagatelji*), as defined in the ZTFI; or
  - (ii) if the offer is addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors, or
  - (iii) if the offer is addressed to investors who have obtained the securities for the purchase price equaling at least €100,000 on the basis of accepting individual offers, or
  - (iv) for the offer the subject of which are securities denominated to at least €100,000 each, or
  - (v) securities included in an offer where the total selling price of the offer in the EU is less than €100,000, which limit shall be calculated over a period of 12 months.

For the purposes of the ZTFI, the term “**public offering**” means any communication to the persons given in any form and given by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe to these securities. This definition is also applicable to the sale (placement) of securities through financial intermediaries.

According to the ZTFI, the term “**qualified investor**” (*dobro poučeni vlagatelj*) includes, among others:

- (i) persons that must obtain appropriate authorisation from the competent supervisory authority of a Member State or a third country or in any other way obtain the right to operate on financial markets, namely credit institutions (*kreditne institucije*), investment companies (*investicijska podjetja*), other supervised financial companies (*druge nadzorovane finančne družbe*), insurance companies (*zavarovalnice*), reinsurance companies (*pozavarovalnice*), pension companies (*pokojninske družbe*), collective investment undertakings (*kolektivni naložbeni podjemi*), and the managers thereof, pension funds (*pokojninski skladi*) and the managers thereof, entities trading with commodities and derivative instruments on commodities (*osebe, ki trgujejo z blagom in izvedenimi instrumenti na blago*), local companies as defined in the second paragraph of the Article 14 of the Banking Act (*Zakon o bančništvu*) (**ZBan-1**), other institutional investors;

- (ii) large companies fulfilling at least two of the following conditions: (1) a total balance sheet reaching €20 million; (2) net annual total revenues from sales reaching €40 million; and (3) value of equity capital reaching €2 million;
- (iii) the Republic of Slovenia, and other countries or national and regional authorities, public law entities exercising public debt, the Bank of Slovenia and other central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations and
- (vi) other institutional investors whose regular business operation is investing in financial instruments, including entities dealing with securitisation of assets or other financing transactions.

## **Croatia**

Public offer of securities in the Republic of Croatia 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 Agency for Supervision of Financial Services ("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 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 Capital Market Act provided that the Agency as a competent authority of the host Member State is 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 publication 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.
- (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 €50,000 per investor and for each particular offer;
  - (iv) offer of securities with a nominal value per unit of at least €50,000 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 a takeover in exchange for other securities 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 that is regarded by the Agency as 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 such shares are of the same class as those that entitle to new shares and 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 shares and the reasons for and details of the offer;
  - (xi) offer of securities addressed to less than one hundred natural persons or legal entities that are not qualified investors.
- (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) and (xi) above shall be deemed a separate offer and in respect of which the offeror is obliged to publish a prospectus pursuant to the 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 sub-clauses (vi) and (vii) above it is not necessary to publish a new prospectus as long as a valid prospectus for securities is available pursuant to sub-clause (iii) and the issuer or a person responsible for the preparation of such a prospectus consents 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) in the supervision procedure the Agency may request the issuer, the offeror or the person applying for the admission to trading of securities on the regulated market to notify the exercise of exemption referred to in sub-clause (iv).

Accordingly,

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

- (i) a client who has sufficient experience, knowledge and is qualified to make an independent decision about an investment and to estimate the risks connected therewith, in particular :
  - a. persons that in order to operate on the financial market require a licence and/or are subject to the supervision of a regulatory body:
    - a.1. investment companies,
    - a.2. credit institutions,
    - a.3. other financial institutions licenced for operations by the competent authority in accordance with the legal regulations governing their operations,
    - a.4. insurance companies,
    - a.5. subjects for joint ventures and their management companies,
    - a.6. companies for management of pension funds and pension funds,
    - a.7. pension insurance companies,
    - a.8. entities trading with commodities and derivative instruments on commodities,
    - a.9. local companies,
    - a.10. other institutional investors whose principal business activities are not listed under alineas a.1. through a.8. of this paragraph and are subject to approval or supervision of the operations on the financial market;
  - b. legal entities that, in relation to the preceding accounting period, meet at least 2 of the following requirements:
    - b.1. total assets amount to not less than HRK 150,000,000,
    - b.2. net income in the minimum amount of HRK 300,000,000,
    - b.3. capital in the amount of not less than HRK 15,000,000;
  - c. national and regional governments, public bodies for management of public debt, central banks, international and supranational institutions, such as World Bank, International Monetary Fund, European Central Bank, European Investment Bank and similar international organisations;
  - d. other institutional investors whose principal business activities are investment in financial instruments, which are 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 or 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.
- (c) **qualified client**, in particular:
  - a. investment companies,
  - b. credit institutions,
  - c. insurance companies,

- d. companies for managing of open investment funds with public offer and open investment funds with public offer,
- e. companies for managing pension funds and pension funds,
- f. other financial institutions required to obtain a licence for operations or whose operations are governed by the regulations of the Republic of Croatia,
- g. 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,
- h. 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 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 Capital Market Act,
- i. national governments and public bodies for the management of public debt and central banks,
- j. supranational organisations.

## **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 Certificates]

[Commercial name of Certificates]

**under the 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 49 of Part A below, provided such person is one of the persons mentioned in Paragraph 49 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC and amendments thereto.<sup>1</sup>

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances. The expression **Prospectus Directive** means Directive 2003/71/EC and amendments thereto.]<sup>2</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 29 August 2013 [and the supplement to the Base Prospectus dated ●] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive as amended]<sup>3</sup>. This document (which for the avoidance of doubt may be issued in respect of more than one series of Securities) constitutes the Final Terms of the Securities described herein [for the purposes of Article 5.4 of the Prospectus Directive]<sup>4</sup> and must be read in conjunction with the Base Prospectus [as supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] is [are] available for viewing during normal business hours at the registered office of the Issuer and the specified

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<sup>1</sup> Consider including this legend where a non-exempt offer of Securities is anticipated.

<sup>2</sup> Consider including this legend where only an exempt offer of Securities is anticipated.

<sup>3</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

<sup>4</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.



offices of the Principal Security Agent. The Base Prospectus [and the supplement to the Base Prospectus] [has] [have] been published on the websites of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)), the Central Bank of Ireland (<http://www.centralbank.ie>) and the Issuer (<http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html>). [A summary of the Securities (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms]<sup>5</sup>. In the case of the Securities admitted to trading on the regulated market of the Irish Stock Exchange, the Final Terms will be published on the website of the Irish Stock Exchange and of the Issuer.

*[The Final Terms relating to each issue of Securities will contain (without limitation) such of the following information as is applicable in respect of such Securities. Any information that is not applicable will be deleted.]*

References herein to numbered Conditions are to the terms and conditions of the relevant series of Securities and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms insofar as they relate to such series of Securities, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "Securities" shall be deemed to be references to the relevant Certificates that are the subject of these Final Terms and references to "Securities" and "Security" shall be construed accordingly.

*[The purchase of Securities involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. Before making an investment decision, prospective purchasers of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth (or incorporated by reference) in the Base Prospectus (including "Risk Factors" on pages 27 to 47 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 [*original date*] which are incorporated by reference in the Base Prospectus dated [*current date*]. 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 [*current date*][and the supplement[s] to it dated [□]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the 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 ([www.bancaimi.com](http://www.bancaimi.com)).

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.]*

*[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*

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<sup>5</sup> Delete wording in square brackets where an exempt offer of Securities is anticipated.

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 per Security | Exercise Date [●]                                  |
|---------------|--------------------------|--------------------------|--|
| ●             | ●                        | ●                        | [from and including] [●]<br>[to and including] [●] |
| ●             | ●                        | ●                        | [from and including] [●]<br>[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]. (N.B Only applicable in relation to Securities which are fungible with an existing series of Securities)

6. Type of Securities and underlying asset:
- (a) The Securities are Certificates. The Securities are [ Index Securities/ Share Securities/ Exchange Rate Securities/ Interest Rate Securities/ Commodity Futures Contract Securities/ Commodity Securities/ Fund Securities/ Combined Securities].
- (b) The item to which the Securities relate is/ are [specify underlying asset][in case of Combined Securities specify the amount to which each underlying relates][N.B.: in case of Basket specify the relevant Basket Constituents and the relevant Basket Constituent Weight][in case of Interest Rate specify Calculation Entity]

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*)
9. Settlement Date: The settlement date for the Securities is [ ]. (*N.B. Only applicable if Settlement Date is different from the definition in Condition 3*).
10. Delivery Date: The delivery date for the Securities is [ ].
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. Issue Currency: The issue currency is [ ].
14. Issue Price: The issue price per Security is set out in paragraph 2 under "Specific Provisions for each Series", above.
15. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 3 [is/are] [ ].
16. Reference Source: The reference source in relation to the Underlying is [ ].
17. Settlement: Settlement will be by way of cash payment (**Cash Settled Securities**).
18. Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Cash Settlement Amount (as defined in Condition 3) is [*insert rate of exchange and details of how and when such rate is to be ascertained*].
19. Settlement Currency: The settlement currency is [ ].
- [*If the Securities are Dual Currency Securities:*
- [The Securities are Dual Currency Securities (*include applicable provisions, such as*
- *Rate of Exchange/method of calculating the Rate of Exchange*
  - *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).*]
20. Name and address of Calculation Agent: The Calculation Agent is [●]/[specify other].
- [*Insert address of Calculation Agent*]
21. Exchange(s): [For the purposes of Condition 3 and Condition 12, the relevant Exchange[s] [is/are] [ ]. (*N.B. Only applicable in relation to Share Securities*)]
22. Related Exchange(s): [For the purposes of Condition 3 and Condition 12, the relevant

- Related Exchange(s) [is/are] [            ]
23. Maximum Level: [Applicable [*specify level*]/ Not applicable]
24. Minimum Level: [Applicable [*specify level*]/ Not applicable] (*N.B. Only applicable in relation to Fund Securities*)
25. Multiplier: The multiplier to be applied is [            ].
26. Cash Settlement Amount: [*Insert details of how Cash Settlement Amount is to be calculated pursuant to Condition 17*][*in case of Combined Securities specify the underlying which will be considered for the purposes of the calculation of the Cash Settlement Amount*]
27. Underlying Reference Currency: The underlying reference currency is [    ]
28. Quanto Option: [Applicable / Not applicable, the Securities issued are Non-Quanto Certificates]
29. Determination Date(s): [    ] / from [    ] to [    ]  
[    ] / from [    ] to [    ]
30. Valuation Date(s): [    ] / from [    ] to [    ]  
[    ] / from [    ] to [    ]
31. Reference Value: The Reference Value will be calculated [*insert calculation method. If applicable, specify calculation method in relation to any relevant Event / Effect (e.g. in relation to Digital Event, Barrier Event, Knock-out Event, Early Redemption Event, Consolidation Effect, Memory Effect, Path Dependency Effect)*].
32. Initial Reference Value: The Initial Reference Value will be calculated on the Determination Date [*insert calculation method among those specified in the Base Prospectus*].  
Initial Reference Value Determination Period(s): [Not applicable / *specify period*]
33. Final Reference Value: The Initial Reference Value will be calculated on the Valuation Date(s) [*insert calculation method among those specified in the Base Prospectus*].  
Final Reference Value Determination Period(s): [Not applicable / *specify period*]
34. Initial Percentage: [    ]%
35. Participation Factor: [Applicable [*specify details*] / Not applicable]
36. Down Participation Factor: [Applicable [*specify details*] / Not applicable]  
(*N.B. only applicable in relation to Twin Win Certificates*)
37. Barrier Level: [Applicable [*specify details*] / Not applicable]  
Barrier Event Determination Period(s): [    ] / from [    ] to [    ]  
[    ] / from [    ] to [    ]  
[    ] / from [    ] to [    ]

- Air Bag Factor: [Applicable *[specify details]* / Not applicable]
- Protection Level: [Applicable *[specify details]* / Not applicable]
- Sigma Amount: [Applicable *[specify details]* / Not applicable]
- Limited Loss Percentage: [Applicable *[specify details]* / Not applicable] (*N.B. Only applicable in relation to Spread Certificates*)
- Short Protection: [*N.B. only in case of Max Short Barrier Certificates*]
38. Cap Level: [Applicable *[specify details]* / Not applicable]
- Cap Percentage: [ ] %

**PROVISIONS RELATING TO DIGITAL AMOUNT(S)**

39. Underlying: [*specify underlying in relation to each Digital Valuation Period. N.B.: only applicable in case of Combined Securities*]
- Digital Level(s): [Applicable *[specify details]* / Not applicable]
- Digital Valuation Period(s): [ ] / from [ ] to [ ]  
[ ] / from [ ] to [ ]
- Digital Amount(s): [ ]
- Digital Payment Date(s): [ ] / from [ ] to [ ]  
[ ] / from [ ] to [ ]
- Cliquet Feature: [Applicable *[specify details]* / Not applicable]
- Consolidation Effect: [Applicable / Not applicable]
- Consolidation Level: [Applicable *[specify details]* / Not applicable]
- Consolidation Valuation Period(s): [ ] / from [ ] to [ ]  
[ ] / from [ ] to [ ]
- Memory Effect: [Applicable / Not applicable]
- Memory Level: [Applicable *[specify details]* / Not applicable]
- Memory Valuation Period(s): [ ] / from [ ] to [ ]  
[ ] / from [ ] to [ ]
- Knock-out Level: [Applicable *[specify details]* / Not applicable]
- Knock-out Valuation Period(s): [ ] / from [ ] to [ ]  
[ ] / from [ ] to [ ]
- Path Dependency Effect: [Applicable *[specify details]* / Not applicable]
- Path Dependency Amount: [ ]

## ADDITIONAL FEATURES

40. Best Of Feature: [Applicable *[specify details]* / Not applicable]
41. Worst Of Feature: [Applicable *[specify details]* / Not applicable]
42. Combo Feature: [Applicable *[specify details]* / Not applicable]
43. Rainbow Feature: [Applicable *[specify details]* / Not applicable]

## [PROVISIONS RELATING TO AMOUNT(S) OTHER THAN CASH SETTLEMENT AMOUNT AND DIGITAL AMOUNT(S) IN RESPECT OF CERTIFICATES

44. Plus Amount(s) [Applicable *[specify details]* / Not applicable]
- Plus Payment Date(s) [ ]
45. Early Redemption Amount: [Applicable *[specify details]* / Not applicable]
- Underlying: [*specify underlying in relation to the calculation of the Early Redemption Amount. N.B.: only applicable in case of Combined Securities*]
- Early Redemption Level: [ ]
- Early Redemption Valuation Period(s): [ ] / from [ ] to [ ]
- [ ] / from [ ] to [ ]
- Early Payment Date(s): [ ]
- [ ]
46. Internal Return Amount: [Applicable *[specify details]* / Not applicable]
- Underlying(s): [*specify underlying(s) in relation to the calculation of the IRA Amount. N.B. only applicable in case of Combined Securities*]
- Annual Valuation Date(s): [Specify date(s) / Not applicable]
- IRA Cap: [[ ]% / Not applicable]
- Annual Remuneration Payment Date(s): [*Specify date(s)* / Not applicable]

## GENERAL

47. Form of Securities: Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security
- Temporary Global Security exchangeable for Definitive Securities on or after the Exchange Date

Permanent Global Security exchangeable for Definitive Securities only in the limited circumstances specified in the Permanent Global Security

## DISTRIBUTION

48. Syndication: The Securities will be distributed on a [non-]syndicated basis.
- (i) [If syndicated, names and addresses of Managers and underwriting commitments:] [give names, and addresses and underwriting commitments]  
*(Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers and an indication of the material features of the agreements, including, where applicable, the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Also provide an indication of the placing commission)*
- (ii) Date of Subscription Agreement:] [ ]
- (iii) Stabilising Manager (if any):] [Not applicable/give name [and address, if not provided under paragraph 48(i)]\*]
- If non-syndicated, name and address of Manager (if not the Issuer): [Name and address]
- [Total commission and concession: [ ]]
49. Non exempt Offer\* : [Not Applicable] [An offer of the Securities may be made by the Manager[s] [or through [specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Issuer") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (the Distributors and, together with the Manager[s], the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"] (**Offer Period**). See further Paragraph 12 of Part B below.
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified/passported.)*

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\* Not relevant for an issue of Securities with an issue price of equal to or greater than EUR100,000 (or its equivalent in another currency).

## ADDITIONAL INFORMATION

- (A) Example(s) of complex derivatives securities: *[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: *[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.]*

## 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, the Issuer accepts responsibility for the information contained in these Final Terms. [The information relating to ● [and ●] (the **Reference Information**) contained herein has been accurately [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*



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Ireland/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made/is expected to be made for the Securities to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*

### 2. [NOTIFICATION]

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

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Manager[s]/Distributors, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer. – *Amend as appropriate if there are other interests. In the event that the Issuer acts as Calculation Agent or the Calculation Agent is an affiliate of the Issuer, include a reference to the risk factor "Potential Conflicts of Interest" at page 44*]

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

- (i) Reasons for the offer: [ ]

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

- (ii) Estimated net proceeds: [ ]

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

- (iii) Estimated total expenses: [ ]. [*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".*]

*((i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

5. **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*)

*[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], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]]** (*Share Securities or Combined Securities having one or more Shares as underlying*)

*[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.]*

7. **PERFORMANCE OF THE COMMODITY FUTURE CONTRACT, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE FUTURE CONTRACT ON COMMODITIES]** (*Commodity Futures Contract Securities or Combined Securities having one or more Commodity Futures Contracts as underlying*)

*[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*)

*[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*)

*[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*)

*[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)*

*[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. TERMS AND CONDITIONS OF THE OFFER**

Offer Price: [Issue Price][specify]

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

[The Offering Period, including any possible amendments, during which the offer will be open and description of the application process:] [Not Applicable/give details]

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

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

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

[Manner in and date on which results of the offer are to be made public:] [Not Applicable/give details]

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

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

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

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

Consent to use of Base Prospectus

[The Issuer consents to the use of the Base Prospectus by all Financial Intermediaries (general consent).]

[General consent for the subsequent resale or final placement of the Certificates by the Financial Intermediary[y][ies] is given in relation to [ ].]

[The Issuer consents to the use of the Base Prospectus by the following Financial Intermediary[y][ies] (individual consent): [insert names] and address[es]].]

[Individual consent for the subsequent resale or final placement of the Certificates by the Financial Intermediary[y][ies] is given in relation to [ ] to [insert names] and address[es]] and [give details].]

[Such consent is also subject to and given under condition [ ]]

[The subsequent resale or final placement of the Certificates by Financial Intermediaries can be made [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*].]

### 13. 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: [●]
- (iii) Name and address of any paying agents and depository agents in each country (in addition to the Principal Security Agent): [●]
- (iv) Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements: [●]
- (v) Date of signing of the [underwriting] / [placement] agreement [●]

### 14. 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].

### 15. OPERATIONAL INFORMATION

- (i) ISIN Code: [      ]
- (ii) Common Code: [      ]
- [(iii)] Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- [(iv)] Names and addresses of initial Security Agents: [      ]

## 16. RESOLUTION

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 11 March 2013. For the issue of any Series of Certificates under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

## PART C – SUMMARY OF THE SPECIFIC ISSUE

### Section A – INTRODUCTION AND WARNINGS

|            |   |
|------------|---|
| <b>A.1</b> | <p><i>This summary should be read as an introduction to the Base Prospectus.</i></p> <p><i>Any decision to invest in the Certificates should be based on consideration of the Base Prospectus as a whole by the investor.</i></p> <p><i>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</i></p> <p><i>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</i></p>  |
| <b>A.2</b> | <p><i>[Not Applicable; – the Certificates are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</i></p> <p><i>[Not Applicable; – the Certificates are not being offered to the public as part of a Public Offer.]</i></p> <p><b>Consent:</b> <i>Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Certificates by the Distributor(s) [, [names of specific financial intermediaries listed in final terms,] [and] [each financial intermediary whose name is published on the Issuer’s website (to be inserted)) and identified as an Authorised Offeror in respect of the relevant Public Offer] [and any financial intermediary which is authorised to make such offers under the applicable legislation implementing Directive 2004/39/EC (MiFID) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</i></p> <p><i>"We, [insert name of financial intermediary], refer to the [insert title of relevant Certificates] (the <b>Certificates</b>) described in the Final Terms dated [insert date] (the <b>Final Terms</b>) published by Banca IMI S.p.A. (the <b>Issuer</b>). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates can be offered] (the <b>Offer</b>) in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".]</i></p> <p><i>(each an Authorised Offeror).</i></p> <p><b>Offer period:</b> <i>The Issuer's consent referred to above is given for Public Offers of Certificates during [offer period for the Certificates to be specified here] (the <b>Offer Period</b>)</i></p> <p><b>Conditions to consent:</b> <i>The conditions to the Issuer’s consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates can be offered] and (c) [specify any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms].</i></p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY CERTIFICATES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH CERTIFICATES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.</b></p> |

### Section B – ISSUERS AND GUARANTOR

|             |  |   |
|-------------|--|---|
| <b>B.1</b>  | <b>Legal and Commercial Name of the Issuer</b>                     | Banca IMI S.p.A..   |
| <b>B.2</b>  | <b>Domicile/ legal Form/ legislation/ country of incorporation</b> | The Issuer is incorporated as a società per azioni with limited liability under the laws of the Republic of Italy. The Issuer is registered with the Companies' Register of Milan under No. 04377700150. Its registered office is at Largo Mattioli 3, 20121 Milan, with telephone number +39 02 72611. |
| <b>B.4b</b> | <b>Description of trends</b>                                       | <i>Not applicable.</i> There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.  |
| <b>B.5</b>  | <b>Description of the group of the Issuer(s)</b>                   | The Issuer is a company belonging to the Intesa Sanpaolo banking group, of which Intesa Sanpaolo S.p.A. is the parent company.  |

| <b>B.9</b>   | <b>Profit forecast/estimate</b>   | <i>Not applicable.</i> No profit forecasts or estimates have been made in the Base Prospectus.   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
|--|---|--|--|--|--|---------------|---------------------------------|---------------------------------|--|-----------------------|--|---------------------------|---|---|-----------------------------------|------------|------------|-------------------------------------|-----------|-----------|----------------|------------|------------|--------------------|------------|------------|---------------------|-----------|---------|--------------------|--------|--------|------------------------|-----|-----|-------------------|---------|---------|-----------|--|--|------------|---------|---------|------------|---------|---------|------------|---------|---------|-------------|---------|---------|--------------|---------|---------|---------------------|--------------------|--------------------|-------------------------------|---------------------------------|---------------------------------|--|-----------------------|--|--------------|------------|------------|------------------|-----------|-----------|-------------------|------------|------------|--|------------|------------|---|--|---------|---------------------|---------|---------|-----------------|---------|---------|------------|---------|---------|-------------|--------|-------|-------------------|---------|---------|--------------------------|-------|-------|----------------------------------|--------|--------|-------------------------------------|----|----|---------------------|--------|--------|---------------------|-----------|-----------|----------|-----------|-----------|-----------------------|---------|---------|---------------|---------|---------|--|---|---|---------------------|---------|---------|
| <b>B.10</b>  | <b>Qualifications in the audit report</b>   | <i>Not applicable.</i> No qualifications are contained in any audit report included in the Base Prospectus.  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| <b>B.12</b>  | <b>Selected historical key information / material adverse change/ significant changes</b> | <p><b>SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER</b></p> <p>The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2011 and 2012 and certain unaudited consolidated selected income statement and selected balance sheet figures for the three months ending 31 March 2013 have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's consolidated financial statements in respect of those dates and periods:</p> <table border="1" data-bbox="338 591 1426 2020"> <thead> <tr> <th colspan="3"><i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i></th> </tr> <tr> <th style="text-align: left;"><b>Assets</b></th> <th style="text-align: center;"><b>31<br/>December<br/>2012</b></th> <th style="text-align: center;"><b>31<br/>December<br/>2011</b></th> </tr> <tr> <td></td> <td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td> </tr> </thead> <tbody> <tr><td>Cash and cash equivalents</td><td style="text-align: right;">3</td><td style="text-align: right;">3</td></tr> <tr><td>Financial assets held for trading</td><td style="text-align: right;">69,259,238</td><td style="text-align: right;">59,622,811</td></tr> <tr><td>Available-for-sale financial assets</td><td style="text-align: right;">6,714,432</td><td style="text-align: right;">6,745,435</td></tr> <tr><td>Due from banks</td><td style="text-align: right;">56,403,295</td><td style="text-align: right;">56,635,055</td></tr> <tr><td>Loans to customers</td><td style="text-align: right;">17,398,110</td><td style="text-align: right;">14,012,386</td></tr> <tr><td>Hedging derivatives</td><td style="text-align: right;">1,091,276</td><td style="text-align: right;">988,621</td></tr> <tr><td>Equity investments</td><td style="text-align: right;">13,535</td><td style="text-align: right;">10,070</td></tr> <tr><td>Property and equipment</td><td style="text-align: right;">751</td><td style="text-align: right;">752</td></tr> <tr><td>Intangible assets</td><td style="text-align: right;">194,183</td><td style="text-align: right;">194,216</td></tr> <tr><td>of which:</td><td></td><td></td></tr> <tr><td>- goodwill</td><td style="text-align: right;">194,070</td><td style="text-align: right;">194,070</td></tr> <tr><td>Tax assets</td><td style="text-align: right;">294,160</td><td style="text-align: right;">541,901</td></tr> <tr><td>a) current</td><td style="text-align: right;">101,558</td><td style="text-align: right;">217,507</td></tr> <tr><td>b) deferred</td><td style="text-align: right;">192,602</td><td style="text-align: right;">324,394</td></tr> <tr><td>Other assets</td><td style="text-align: right;">423,522</td><td style="text-align: right;">467,732</td></tr> <tr><td><b>Total Assets</b></td><td style="text-align: right;"><b>151,792,505</b></td><td style="text-align: right;"><b>139,218,982</b></td></tr> <tr><td><b>Liabilities and Equity</b></td><td style="text-align: center;"><b>31<br/>December<br/>2012</b></td><td style="text-align: center;"><b>31<br/>December<br/>2011</b></td></tr> <tr><td></td><td colspan="2" style="text-align: center;"><i>(EUR thousand)</i></td></tr> <tr><td>Due to banks</td><td style="text-align: right;">42,471,641</td><td style="text-align: right;">42,145,742</td></tr> <tr><td>Due to customers</td><td style="text-align: right;">7,602,384</td><td style="text-align: right;">4,479,861</td></tr> <tr><td>Securities issued</td><td style="text-align: right;">32,764,994</td><td style="text-align: right;">32,907,923</td></tr> <tr><td>Financial liabilities held for trading</td><td style="text-align: right;">64,004,171</td><td style="text-align: right;">54,717,953</td></tr> <tr><td>Financial liabilities at fair value through profit and loss</td><td></td><td style="text-align: right;">684,942</td></tr> <tr><td>Hedging derivatives</td><td style="text-align: right;">674,160</td><td style="text-align: right;">680,992</td></tr> <tr><td>Tax liabilities</td><td style="text-align: right;">392,734</td><td style="text-align: right;">318,490</td></tr> <tr><td>a) current</td><td style="text-align: right;">366,462</td><td style="text-align: right;">315,905</td></tr> <tr><td>b) deferred</td><td style="text-align: right;">26,272</td><td style="text-align: right;">2,585</td></tr> <tr><td>Other liabilities</td><td style="text-align: right;">372,892</td><td style="text-align: right;">458,523</td></tr> <tr><td>Post-employment benefits</td><td style="text-align: right;">8,727</td><td style="text-align: right;">7,930</td></tr> <tr><td>Provisions for risks and charges</td><td style="text-align: right;">23,680</td><td style="text-align: right;">16,423</td></tr> <tr><td>a) pensions and similar obligations</td><td style="text-align: right;">12</td><td style="text-align: right;">12</td></tr> <tr><td>b) other provisions</td><td style="text-align: right;">23,668</td><td style="text-align: right;">16,411</td></tr> <tr><td>Fair value reserves</td><td style="text-align: right;">(105,866)</td><td style="text-align: right;">(392,234)</td></tr> <tr><td>Reserves</td><td style="text-align: right;">1,396,770</td><td style="text-align: right;">1,132,179</td></tr> <tr><td>Share premium reserve</td><td style="text-align: right;">581,260</td><td style="text-align: right;">581,260</td></tr> <tr><td>Share capital</td><td style="text-align: right;">962,464</td><td style="text-align: right;">962,464</td></tr> <tr><td>Equity attributable to non-controlling interests (+/-)</td><td style="text-align: right;">-</td><td style="text-align: right;">-</td></tr> <tr><td>Profit for the year</td><td style="text-align: right;">642,494</td><td style="text-align: right;">516,534</td></tr> </tbody> </table> | <i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i> |  |  | <b>Assets</b> | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |  | <i>(EUR thousand)</i> |  | Cash and cash equivalents | 3 | 3 | Financial assets held for trading | 69,259,238 | 59,622,811 | Available-for-sale financial assets | 6,714,432 | 6,745,435 | Due from banks | 56,403,295 | 56,635,055 | Loans to customers | 17,398,110 | 14,012,386 | Hedging derivatives | 1,091,276 | 988,621 | Equity investments | 13,535 | 10,070 | Property and equipment | 751 | 752 | Intangible assets | 194,183 | 194,216 | of which: |  |  | - goodwill | 194,070 | 194,070 | Tax assets | 294,160 | 541,901 | a) current | 101,558 | 217,507 | b) deferred | 192,602 | 324,394 | Other assets | 423,522 | 467,732 | <b>Total Assets</b> | <b>151,792,505</b> | <b>139,218,982</b> | <b>Liabilities and Equity</b> | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |  | <i>(EUR thousand)</i> |  | Due to banks | 42,471,641 | 42,145,742 | Due to customers | 7,602,384 | 4,479,861 | Securities issued | 32,764,994 | 32,907,923 | Financial liabilities held for trading | 64,004,171 | 54,717,953 | Financial liabilities at fair value through profit and loss |  | 684,942 | Hedging derivatives | 674,160 | 680,992 | Tax liabilities | 392,734 | 318,490 | a) current | 366,462 | 315,905 | b) deferred | 26,272 | 2,585 | Other liabilities | 372,892 | 458,523 | Post-employment benefits | 8,727 | 7,930 | Provisions for risks and charges | 23,680 | 16,423 | a) pensions and similar obligations | 12 | 12 | b) other provisions | 23,668 | 16,411 | Fair value reserves | (105,866) | (392,234) | Reserves | 1,396,770 | 1,132,179 | Share premium reserve | 581,260 | 581,260 | Share capital | 962,464 | 962,464 | Equity attributable to non-controlling interests (+/-) | - | - | Profit for the year | 642,494 | 516,534 |
| <i>Audited Consolidated Balance Sheets for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i> |   |  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| <b>Assets</b>  | <b>31<br/>December<br/>2012</b>   | <b>31<br/>December<br/>2011</b>  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
|  | <i>(EUR thousand)</i>   |  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Cash and cash equivalents  | 3   | 3  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Financial assets held for trading  | 69,259,238  | 59,622,811   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Available-for-sale financial assets  | 6,714,432   | 6,745,435  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Due from banks   | 56,403,295  | 56,635,055   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Loans to customers   | 17,398,110  | 14,012,386   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Hedging derivatives  | 1,091,276   | 988,621  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Equity investments   | 13,535  | 10,070   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Property and equipment   | 751   | 752  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Intangible assets  | 194,183   | 194,216  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| of which:  |   |  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| - goodwill   | 194,070   | 194,070  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Tax assets   | 294,160   | 541,901  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| a) current   | 101,558   | 217,507  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| b) deferred  | 192,602   | 324,394  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Other assets   | 423,522   | 467,732  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| <b>Total Assets</b>  | <b>151,792,505</b>  | <b>139,218,982</b>   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| <b>Liabilities and Equity</b>  | <b>31<br/>December<br/>2012</b>   | <b>31<br/>December<br/>2011</b>  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
|  | <i>(EUR thousand)</i>   |  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Due to banks   | 42,471,641  | 42,145,742   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Due to customers   | 7,602,384   | 4,479,861  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Securities issued  | 32,764,994  | 32,907,923   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Financial liabilities held for trading   | 64,004,171  | 54,717,953   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Financial liabilities at fair value through profit and loss  |   | 684,942  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Hedging derivatives  | 674,160   | 680,992  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Tax liabilities  | 392,734   | 318,490  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| a) current   | 366,462   | 315,905  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| b) deferred  | 26,272  | 2,585  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Other liabilities  | 372,892   | 458,523  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Post-employment benefits   | 8,727   | 7,930  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Provisions for risks and charges   | 23,680  | 16,423   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| a) pensions and similar obligations  | 12  | 12   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| b) other provisions  | 23,668  | 16,411   |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Fair value reserves  | (105,866)   | (392,234)  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Reserves   | 1,396,770   | 1,132,179  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Share premium reserve  | 581,260   | 581,260  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Share capital  | 962,464   | 962,464  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Equity attributable to non-controlling interests (+/-)   | -   | -  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |
| Profit for the year  | 642,494   | 516,534  |  |  |  |               |                                 |                                 |  |                       |  |                           |   |   |                                   |            |            |                                     |           |           |                |            |            |                    |            |            |                     |           |         |                    |        |        |                        |     |     |                   |         |         |           |  |  |            |         |         |            |         |         |            |         |         |             |         |         |              |         |         |                     |                    |                    |                               |                                 |                                 |  |                       |  |              |            |            |                  |           |           |                   |            |            |  |            |            |   |  |         |                     |         |         |                 |         |         |            |         |         |             |        |       |                   |         |         |                          |       |       |                                  |        |        |                                     |    |    |                     |        |        |                     |           |           |          |           |           |                       |         |         |               |         |         |  |   |   |                     |         |         |

| <b>Total Liabilities and Equity</b>   | <b>151,792,505</b>              | <b>139,218,982</b>              |
|---|---------------------------------|---------------------------------|
| <i>Audited Consolidated Income Statements for the year ending 31 December 2012 compared with corresponding figures for the year ending 31 December 2011</i>                   |                                 |                                 |
|   | <b>31<br/>December<br/>2012</b> | <b>31<br/>December<br/>2011</b> |
|   | <i>(EUR thousand)</i>           |                                 |
| Interest and similar income   | 2,382,980                       | 2,190,204                       |
| Interest and similar expense  | (1,815,889)                     | (1,627,472)                     |
| <b>Net interest income</b>  | <b>567,091</b>                  | <b>562,732</b>                  |
| Fee and commission income   | 399,258                         | 343,313                         |
| Fee and commission expense  | (178,332)                       | (84,906)                        |
| <b>Net fee and commission income</b>  | <b>220,926</b>                  | <b>258,407</b>                  |
| Dividends and similar income  | 334,347                         | 367,932                         |
| Profits (Losses) on trading   | 246,636                         | (57,335)                        |
| Profit (Losses) on hedging  | 17,467                          | 2,818                           |
| Profits (Losses) on disposal or repurchase of:  | 114,034                         | 45,059                          |
| a) <i>loans and receivables</i>   | 3,499                           | 9,551                           |
| b) <i>available-for-sale financial assets</i>   | 123,954                         | 29,053                          |
| c) <i>held-to-maturity investments</i>  | -                               | -                               |
| d) <i>financial liabilities</i>   | (13,419)                        | 6,455                           |
| Profits (Losses) on financial assets and liabilities at fair value through profit and loss  | (25,062)                        | 883                             |
| <b>Total income</b>   | <b>1,475,439</b>                | <b>1,180,496</b>                |
| Impairment losses/reversal of impairment losses on:   | (110,549)                       | (50,013)                        |
| a) <i>loans and receivables</i>   | (105,228)                       | (29,648)                        |
| b) <i>available-for-sale financial assets</i>   | -                               | -                               |
| c) <i>held-to-maturity investments</i>  | -                               | -                               |
| d) <i>other financial assets</i>  | (5,321)                         | (20,365)                        |
| <b>Net financial income</b>   | <b>1,364,890</b>                | <b>1,130,483</b>                |
| <b>Net banking and insurance income</b>   | <b>1,364,890</b>                | <b>1,130,483</b>                |
| Administrative expenses   | (350,581)                       | (315,745)                       |
| a) <i>personnel expenses</i>  | (131,760)                       | (112,264)                       |
| b) <i>other administrative expenses</i>   | (218,821)                       | (203,481)                       |
| Net accruals to provision for risks and charges   | (16,000)                        | (14,300)                        |
| Depreciation and net impairment losses on property and equipment  | (358)                           | (403)                           |
| Amortisation and net impairment losses on intangible assets   | (31)                            | (42)                            |
| Other operating income (expenses)   | 4,771                           | 3,451                           |
| <b>Operating expenses</b>   | <b>(362,199)</b>                | <b>(327,039)</b>                |
| Net gains on sales of equity investments  | 4,396                           | 1,704                           |
| <b>Pre-tax profit from continuing operations</b>  | <b>1,007,087</b>                | <b>805,148</b>                  |
| Income tax expense  | (364,593)                       | (288,614)                       |
| <b>Post-tax profit from continuing operations</b>   | <b>642,494</b>                  | <b>516,534</b>                  |
| <b>Profit for the year</b>  | <b>642,494</b>                  | <b>516,534</b>                  |
| Profit (loss) attributable to non-controlling interests   | -                               | -                               |
| <b>Profit attributable to the owners of the parent</b>  | <b>642,494</b>                  | <b>516,534</b>                  |
| <i>Consolidated Income Statement Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the three months ending 31 March 2012</i> |                                 |                                 |
|   | <b>31 March 2013</b>            | <b>31 March 2012</b>            |



|   |  |  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|---|--|--|-------------------------|----------|----------|--------------|----------|----------|--------------------|--------|--------|----------------------|----------|----------|---|-----------|-----------|-----------------------|---------|---------|---------------|-------|-------|--|
|   |  | <i>(EUR thousand)</i>  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | <table> <tr> <td>Net interest income</td> <td style="text-align: right;">130,579</td> <td style="text-align: right;">168,109</td> </tr> <tr> <td>Total income</td> <td style="text-align: right;">371,774</td> <td style="text-align: right;">475,365</td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: right;">92,410</td> <td style="text-align: right;">91,351</td> </tr> <tr> <td>Net financial income</td> <td style="text-align: right;">322,471</td> <td style="text-align: right;">458,449</td> </tr> <tr> <td>Pre-tax profit from continuing operations</td> <td style="text-align: right;">230,919</td> <td style="text-align: right;">367,936</td> </tr> <tr> <td>Profit for the period</td> <td style="text-align: right;">145,036</td> <td style="text-align: right;">235,090</td> </tr> </table>  | Net interest income     | 130,579  | 168,109  | Total income | 371,774  | 475,365  | Operating expenses | 92,410 | 91,351 | Net financial income | 322,471  | 458,449  | Pre-tax profit from continuing operations | 230,919   | 367,936   | Profit for the period | 145,036 | 235,090 |               |       |       |  |
| Net interest income                       | 130,579  | 168,109  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Total income                              | 371,774  | 475,365  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Operating expenses                        | 92,410   | 91,351   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Net financial income                      | 322,471  | 458,449  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Pre-tax profit from continuing operations | 230,919  | 367,936  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Profit for the period                     | 145,036  | 235,090  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | <b><i>Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2013 compared with corresponding figures for the year ending 31 December 2012</i></b>   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | <b>31 March 2013</b>   | <b>31 December 2012</b> |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | <i>(EUR million)</i>   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | <table> <tr> <td>Net investments</td> <td style="text-align: right;">24,079.1</td> <td style="text-align: right;">22,653.2</td> </tr> <tr> <td>Net revenue</td> <td style="text-align: right;">26,800.6</td> <td style="text-align: right;">26,435.7</td> </tr> <tr> <td>Indirect revenue</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">0.0</td> </tr> <tr> <td>Financial assets</td> <td style="text-align: right;">72,211.9</td> <td style="text-align: right;">75,973.7</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">151,489.8</td> <td style="text-align: right;">151,792.5</td> </tr> <tr> <td>Net equity</td> <td style="text-align: right;">3,604.0</td> <td style="text-align: right;">3,477.1</td> </tr> <tr> <td>Share Capital</td> <td style="text-align: right;">962.5</td> <td style="text-align: right;">962.5</td> </tr> </table> | Net investments         | 24,079.1 | 22,653.2 | Net revenue  | 26,800.6 | 26,435.7 | Indirect revenue   | 0.0    | 0.0    | Financial assets     | 72,211.9 | 75,973.7 | Total assets                              | 151,489.8 | 151,792.5 | Net equity            | 3,604.0 | 3,477.1 | Share Capital | 962.5 | 962.5 |  |
| Net investments                           | 24,079.1   | 22,653.2   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Net revenue                               | 26,800.6   | 26,435.7   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Indirect revenue                          | 0.0  | 0.0  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Financial assets                          | 72,211.9   | 75,973.7   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Total assets                              | 151,489.8  | 151,792.5  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Net equity                                | 3,604.0  | 3,477.1  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| Share Capital                             | 962.5  | 962.5  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | <b><i>Statements of no significant or material adverse change</i></b>  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
|   |  | There has been no significant change in the financial or trading position of the Issuer since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>B.13</b>                               | <b>Recent events</b>   | <i>Not applicable.</i> There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>B.14</b>                               | <b>Dependence upon other group entities</b>  | The Issuer is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A., which is the parent company of the Intesa Sanpaolo banking group, to which the Issuer belongs.  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>B.15</b>                               | <b>Principal activities of the Issuer</b>  | The Issuer is a banking institution established under the laws of the Republic of Italy engaged in investment banking activities. The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into four business divisions: <i>Capital Markets, Finance &amp; Investments, Investment Banking and Structured Finance.</i>   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>B.16</b>                               | <b>Control of Issuer</b>   | The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>Section C – SECURITIES</b>             |  |  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>C.1</b>                                | <b>Type and class of securities being offered / Security identification number</b> | [ ].<br>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.<br>The ISIN of the Certificates is [ ].  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>C.2</b>                                | <b>Currency</b>  | [ ].   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>C.5</b>                                | <b>Restrictions on free transferability</b>  | There are restrictions on the offer, sale and transfer of the Securities in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Czech Republic, Hungary, Ireland, Poland, Slovak Republic, Croatia and Slovenian Republic) and such other restrictions as may be required in connection with the offering and sale of a particular series of Securities.  |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |
| <b>C.8</b>                                | <b>Description of rights and ranking</b>   | [ ].   |                         |          |          |              |          |          |                    |        |        |                      |          |          |   |           |           |                       |         |         |               |       |       |  |

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| C.11 | Trading of Certificates  | [ ].  |
| C.15 | Description of how the value of the investment is affected by the value of the underlying                | [ ].  |
| C.16 | The expiration or maturity date of the derivative securities – the exercise date or final reference date | [ ].  |
| C.17 | Settlement procedure   | [ ].  |
| C.18 | Description of how the return on derivative securities takes place                                       | [ ].  |
| C.19 | Exercise price or final reference price of the underlying  | [ ].  |
| C.20 | Type of underlying and where the information on it can be found  | The Underlying(s) as well as the relevant source of information is [ ]. |

**Section D – RISKS**

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| <b>D.2</b> | <b>Key risks specific to the Issuer</b> | <p>There are certain factors that may affect each Issuer's ability to fulfil its obligations under Certificates issued under the Programme. These include the following risk factors:</p> <ul style="list-style-type: none"> <li>(i) Banca IMI's business could be adversely affected by international markets and economic conditions;</li> <li>(ii) Recent disruptions and volatility in the global and the Euro-zone financial markets may adversely impact Banca IMI's business;</li> <li>(iii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect the Banca IMI's business and results of operations;</li> <li>(iv) Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy;</li> <li>(v) Banca IMI's business is exposed to counterparty credit risk;</li> <li>(vi) Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance;</li> <li>(vii) Banca IMI's business is exposed to settlement risk and transfer risk;</li> <li>(viii) Banca IMI's business is exposed to market risk;</li> <li>(ix) Banca IMI's business is exposed to increasing competition in the financial services industry</li> <li>(x) Banca IMI's business is exposed to liquidity risk;</li> </ul> |
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|                   |  | <p>(xi) Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate;</p> <p>(xii) Banca IMI's business is exposed to operational risks;</p> <p>(xiii) Banca IMI's business is exposed to Reputational Risk;</p> <p>(xiv) Legal risks;</p> <p>(xv) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject;</p> <p>(xvi) Regulatory claims may arise in the conduct of the Banca IMI's business;</p> <p>(xvii) Banca IMI is exposed to risk of changes in tax legislation as well as to increases in tax rates;</p> <p>(xviii) Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses.</p>  |
| <p><b>D.6</b></p> | <p><b>Key risks specific to the securities</b></p> | <p>An investment in relatively complex securities such as the Certificates involves a greater degree of risk than investing in less complex securities. In some cases, investors may stand to lose the value of their entire investment or part of it, as the case may be. 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><u>(i) The Certificates may not be a suitable investment for all investors</u></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 this investment will have on the potential investor's overall investment portfolio.</p> <p><u>(ii) Option Risk</u></p> <p>The Certificates are derivative financial instruments which may include an option right. Transactions in options involve a high level of risk.</p> <ul style="list-style-type: none"> <li>• <b>Risks related to the structure of the Certificates</b></li> </ul> <p><u>( ) General risks and risks relating to underlying asset or basis of reference</u></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><u>( ) Certain Factors Affecting the Value and Trading Price of Securities</u></p> <p>The Cash Settlement Amount at any time prior to expiration is typically expected to be less than the trading price of such Securities at that time. The difference between the trading price and the Cash 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 remaining to expiration and 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 level of the underlying asset, as well as by a number of other interrelated factors.</p> <p><u>( ) Certain Considerations Regarding Hedging</u></p> <p>Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in the underlying asset which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner.</p> <p><u>( ) Certain Considerations Associated with Share Securities</u></p> <p>In the case of Securities relating to a share (or basket of shares), 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 share 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 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><u>( ) Certain Considerations Associated with Exchange Rate Securities</u></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><u>( ) Certain Considerations Associated with Fund Securities</u></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><u>( ) Certain Considerations Associated with Commodity Securities and Commodity Future Contracts Securities</u></p> <p>The yield on Securities which are linked to commodity futures contracts may not be perfectly correlated to the trend in the price of the underlying commodities, as the use of commodity futures contracts generally involves a rolling mechanism. Investors may only marginally benefit from any rise or fall in the price of the commodities.</p> <p><u>( ) Certain Considerations Associated with Index Securities</u></p> <p>The underlying index may be a well-known and widely published index or an index which may not be widely published</p> |

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| <p>or available.</p> <p><u>( ) Certain Considerations Associated with Interest Rate Securities</u><br/> On exercise, as the case may be, 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.</p> <p><u>( ) Certain Considerations Associated with Combined Securities</u><br/> 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.</p> <p><u>( ) Certain Considerations Associated with Securities providing for the application of a Multiplier</u><br/> 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.<br/> 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.</p> <p><u>( ) Certain Considerations Associated with Securities providing for the application of a cap to the Reference Item(s)</u><br/> 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) (Cap Level).<br/> In such case, the amounts payable to investors will be subject to the pre-determined maximum.</p> <p><u>( ) Loss risk in relation to the investment</u><br/> 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 the Barrier Level, the investor shall consider that, in the event of a negative performance of the underlying asset at the Valuation Date (or negative Spread in case of the Spread Certificates), in case of occurrence of the Barrier Event, a loss will occur in respect of the capital invested.</p> <p><u>( ) Risk related to a Protection Level lower than 100% (if applicable)</u><br/> The Certificates may provide the Protection Level (not applicable to the Spread Certificates). The Protection Level represents the protection percentage of the Issue Price of the Certificate and the Cash Settlement Amount will not fall below such Protection Level. The lower the Protection Level 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.</p> <p><u>( ) Exchange risk related to the absence of the Quanto Option</u><br/> The investment in Certificates which do not provide 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 Certificates. In particular, the return of the Certificate without Quanto Option might be negative – in the event that the underlying reference currency is other than the Settlement Currency – as the value of the underlying asset (or the Cap Level, if applicable) 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 Cap Level (if applicable) and might determine a loss of the capital invested. In case of Protected Certificates without 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 Level.</p> <p><u>( ) Price Risk and components that determine the value of the Certificates</u><br/> 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 the time of the value of each optional components mostly depends on the current value of the underlying asset to which the Certificates are related, by the volatility of the underlying asset, by the residual life of the options composing the Certificates, by the levels of the interest rates of the monetary markets, the expected dividends (in case of Share Securities), by the correlation (in the event that the underlying asset is a Basket) as well as the business of the Issuer of the underlying asset, by the speculative contractions and by other factors.</p> <p><u>( ) Risk related to the Participation Factor (in case of Max (Long/Short) Certificates, Spread Certificates and Growth &amp; Income Certificates)</u><br/> The Cash Settlement Amount will be calculated in relation to the Participation Factor, that is a value predetermined by the Issuer in the relevant Final Terms which may be lower, equal to or higher than 100%. Therefore, such Participation Factor will determine the potential return of the Certificates.</p> <p><u>( ) Risk related to the determination method of the Digital Level</u><br/> In relation to the Certificates to be issued, the Issuer may set, at its own discretion, one or more Digital Levels 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 the Digital Event will not occur and therefore that the relevant Digital Amount will not be paid. 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 Spread Certificates, 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 two financial assets.</p> <p><u>( ) Risk related to the Knock-out Level (if applicable)</u><br/> In the event that the underlying asset reaches (or the Spread in case of Spread Certificates) the Knock-out Level in a</p> |
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| <p>Knock-out Valuation Period, a Knock-out Event will occur and the Digital Amounts provided in relation to the Digital Valuation Periods following such Knock-out Valuation Period will be deactivated.</p> <p><u>( ) Risk related to the occurrence of an Early Redemption Event (if applicable)</u></p> <p>If an Early Redemption Event occurred, the Early Redemption Amount to be paid to the Securityholder will not depend on the value of the Underlying (or of the Spread, in case of Spread Certificates) but it will be composed of an amount in the Settlement Currency determined by the Issuer in the relevant Final Terms.</p> <p><u>( ) Risk related to the Barrier Event (if applicable)</u></p> <p>If a Barrier Event is applicable under the relevant Final Terms, the possibility to obtain a predetermined minimum return is limited only to the case where, in case of negative performance of the underlying asset (or of the Spread, in case of Spread Certificates) at the maturity, a Barrier Event has not occurred during the Barrier Event Observation Period. If the Barrier Event occurs, such circumstance has a negative influence on the price.</p> <p><u>( ) Risk related to the Limited Loss option (if applicable, in case of Spread Certificates)</u></p> <p>In relation to the Spread Certificates, the Limited Loss option may be also included together with the Barrier Level. The lower the Limited Loss Percentage the smaller the Cash Settlement Amount that the investor will receive on the Settlement Date.</p> <p><u>( ) Risk related to the Best Of and Worst Of Features</u></p> <p>In case of Best Of Feature, the lower will be allocated the performance indicated by the Issuer among the financial activities with the underlying asset for the relevant Series, the smaller the revenue that the investor will receive. Differently, in case of Worst Of Feature, the higher will be allocated the performance indicated by the Issuer among the financial assets with the underlying asset for the relevant Series, the smaller the revenue that the investor will receive.</p> <p><u>( ) Risk related to the Baskets of Underlyings – Risk related to the Rainbow Feature - Correlation risk</u></p> <p>The investor shall take into account that in case of a Basket of underlying assets, the value and the return of the Certificates depend 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 case of a Basket, a different weighting allocated to the Basket Constituents entails a higher or lower value of the Basket. The investor shall consider that in case of Rainbow Feature, upon variation of even only one Basket Constituent, the Reference Value of Basket recorded in a determination date might be completely different from a Reference Value recorded on a prior date.</p> <ul style="list-style-type: none"> <li>• <b>Risks Related to Securities Generally</b></li> </ul> <p><u>(i) Modification</u></p> <p>The Conditions provide that the Principal Security Agent and the Issuer may, without the consent of Securityholders, agree to (i) any modification (subject to certain specific exceptions) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders or (ii) any modification of the Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law.</p> <p><u>(iii) Expenses and Taxation</u></p> <p>The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.</p> <p><u>(iv) U.S. Foreign Account Tax Compliance Withholding</u></p> <p>The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities are uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to “foreign pass-through payments” are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.</p> <p><u>(v) Legislation Affecting Dividend Equivalent Payments</u></p> <p>The United States Hiring Incentives to Restore Employment Act (the <b>HIRE Act</b>) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.</p> <p><u>(vi) Other taxation considerations</u></p> <p>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.</p> <p><u>(vii) Illegality and Cancellation</u></p> <p>If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge the Issuer's obligations under any Securities have become, illegal in whole or in part for any reason, the Issuer may cancel such Securities. If the Issuer cancels the Securities, it will pay the holder of each such Security an amount equal to the fair market value of such Security.</p> |
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|  |  | <p><u>(viii) Change of law</u><br/>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.</p> <p><u>(ix) Potential Conflicts of Interest</u><br/>Some activities of the Issuer or any of its Affiliates could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Securities.</p> <p><u>(x) EU Savings Directive</u><br/>Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments.</p> <p>• <b>Risks Related to the Market Generally</b></p> <p><u>(xi) Impact of implicit fees on the Issue/Offer Price</u><br/>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.</p> <p><u>(xii) Certain considerations associated with public offers of Securities</u><br/>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.</p> <p><u>(xiii) Possible Illiquidity of the Securities in the Secondary Market</u><br/>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.</p> <p><u>(xiv) Listing of Securities</u><br/>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 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.</p> <p><u>(xv) Exchange rate risks and exchange controls</u><br/>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.</p> <p>• <b>Legal Risks</b></p> <p><u>(i) Legal investment considerations may restrict certain investments</u><br/>Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Securities.</p> <p><u>(ii) No reliance</u><br/>None of the Issuer, the Managers, if any, or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities.</p> <p><u>(iii) Disclaimers</u><br/>Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.</p> |
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**Section E – OFFER**

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| <b>E.2b</b> | <b>Reasons for the offer and use of proceeds</b> | The Issuer intends to use the net proceeds from each issue of Certificates for [ ] |
| <b>E.3</b>  | <b>Terms and conditions of the offer</b>         | [ ]  |
| <b>E.4</b>  | <b>Material interests in the offer</b>           | [ ]  |

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|------------|---------------------------|-----|
| <b>E.7</b> | <b>Estimated expenses</b> | [ ] |
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## TAXATION

### 1. General

Transactions involving Securities may be subject to stamp taxes and give rise to certain other tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Paragraphs 2 to 16 below summarise, for information purposes only, certain aspects of the Italian, French, German, Luxembourg, Portuguese, Irish, Spanish, British, Dutch, Belgian, Czech, Hungarian, Polish, Slovenian, Slovak, Croatian and United States tax treatment of transactions involving Securities. However, such transactions may have tax consequences in other jurisdictions. Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving Securities should consult their own tax advisers.

The following general discussion does not take into account taxation which may be imposed by way of withholding or otherwise in the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, Ireland, Czech Republic, Hungary, Poland, Slovak Republic, Croatia, Slovenian Republic and United States or in any other jurisdiction, on income and capital gains in any form, on any of the underlying assets to which a Certificate may relate.

Condition 8 ("Expenses and Taxation") on page 76 should be considered carefully by all potential purchasers of any Securities.

### 2. Taxation in the Republic of Italy

*The following is a general discussion of current Italian law and practice relating to the taxation of the Securities.*

*The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.*

*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 20 per cent. substitute tax (*imposta sostitutiva*). The recipient may opt for one of the three regimes described below:



- (1) Under the "*tax declaration*" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Securityholder, holding Securities not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Carried forward capital losses in excess of capital gains realised prior to 1 January 2012 may be used against capital gains realised in any of the four succeeding tax years limited to 62.5 per cent. of their amount.
- (2) As an alternative to the tax declaration regime, Italian resident individual Securityholders holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Capital losses realised prior to 1 January 2012 may be carried forward against capital gains realised after such date within the same securities management, according to the same conditions above described, limitedly to 62.5 per cent. of their amount. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.
- (3) Any capital gains realised by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Any decrease in value of the managed assets accrued until 31 December 2011 may be carried forward against increase in value of the managed assets accrued after such date limitedly to 62.5 per cent. of their amount. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or a similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject 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 a SICAV will not be subject to the 20% *imposta sostitutiva*. The proceeds distributed by the Fund or the SICAV 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 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 11.00% 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 20 per cent. (final or on account depending on the "status" and tax residence of the Securityholder) by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. Where the Securityholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Securities are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax.

#### ***Inheritance and gift tax***

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities, 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.

#### ***Transfer tax***

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of €168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### ***Stamp duty***

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications which may be sent by financial intermediaries to a Securityholder in respect of any Securities which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1 per cent. for the year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Securities held. The stamp duty can be (i) no lower than € 34.20, (ii) for the year 2012 only, it cannot exceed € 1,200 and (iii) from 2013 onwards, it cannot exceed EUR 4,500 for non-individual holders of securities only.

Based on the interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Securityholders, to the extent that the Securities are held with an Italian-based financial intermediary.

### ***Wealth Tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2012, and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### ***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, at the end of the fiscal year, 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). Such obligation is not provided if, inter alia, each of the overall value of the foreign investments or financial activities held at the end of the fiscal year, and the overall value of the related transfers carried out during the relevant fiscal year, does not exceed EUR 10,000.

### ***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 an EU Member States and of the SEE, included in the so-called white list to be set out by a to-be-issued Ministerial Decree pursuant to Article 168-bis of Presidential Decree No. 917 of 22 December 1986 (for the time being reference shall be made to countries not qualifying as black list countries for Italian tax purposes).

The FTT on derivatives is due by each of the parties to the transactions. The FTT is not applied where one of the parties to the transaction is the European Union, the BCE, central banks of the EU Member States, foreign Central Banks or entities which manage the official reserves of a foreign State, or international bodies or entities set up in accordance with international agreements which have entered into force in Italy. Further specific exemptions exist, inter alia, for (i) subjects who carry on market making activities; (ii) mandatory social security entities and pension funds set up according to Legislative Decree No. 252 of 5 December 2005; and (iii) intragroup transfers of the Relevant Securities.

The FTT shall be levied, and subsequently paid, to the Italian Revenue by the subject (generally a financial intermediary) that is involved, in any way, in the performance of the transaction. If more than one subject is involved in the execution of the transaction, the FTT is payable by the subject who receives the order of execution by the ultimate purchaser or counterparty. Intermediaries that are not resident in Italy but are liable to collect the FTT from the taxpayers and to pay it to the Italian Revenue can appoint an Italian tax representative for the purposes of the FTT. If no intermediary is involved in the performance of the transaction, the FTT must be paid directly by the taxpayers.

The Italian Ministry of Economy and Finance Decree dated 21 February 2013 set out the main implementation rules of the FTT, but further regulations and implementing provisions, which may also have an impact on some of the above mentioned provisions, are expected to be issued in the coming months by the Chairman of the Tax Authorities. Therefore prospective Holders of Warrants and Certificates are advised to consult their own tax advisers also on such aspects.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

#### ***Implementation in Italy of the EU Savings Directive***

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of April 18, 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### **3. Taxation in France**

*The following is a general discussion of certain French taxation matters and is (i) based on the laws and practice in force as of the date of this Base Prospectus and subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect and (ii) prepared on the assumption that the Issuer is not a French resident for French tax purposes and is not acting from a French branch or permanent establishment in connection with the Securities. Investors should be aware that the statements below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors should consult their professional advisers so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Securities.*

### ***Withholding tax***

All payments by the Issuer in respect of the Securities will be made free of any compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein.

### ***EU Savings Directive***

The Directive 2003/48/EC on the taxation of savings income has been implemented into French law under article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including, the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

### ***Transfer tax and other taxes***

The following rules are applicable to the disposal of French shares:

- The disposal for consideration of French shares is, in principle, subject to a 0.1 per cent. transfer tax (the **Transfer Tax**), provided in the case of shares listed on a recognised stock exchange that the transfer is evidenced by a deed or agreement.
- The introduction of a financial transaction tax in France (the French **Financial Transaction Tax**) to be imposed on certain acquisitions over French listed shares (and other similar securities) where the issuer's stock market capitalisation exceeds €1 billion. The French Financial Transaction Tax rate is 0.2 per cent. of the sale price of the transaction.
- If the French Financial Transaction Tax applies to a transaction, an exemption in respect of the Transfer Tax would be applicable.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

### ***French tax implications for the French resident Warrantholders or holders of Certificates (not constituting debt instruments for French tax purposes)***

- (i) With respect to French individual tax residents

- (1) Net profit realised out of France in respect of Warrants or applicable Certificates

Net profit realised out of France in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes, or

other debt instruments issued under French or foreign law and fiscally similar thereto within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20120912 dated 12 September 2012, n°70) by a French individual tax resident Warrantholder or Certificateholder, as the case may be, (assuming that such payments would not be attributable to an enterprise carried on by the French income tax resident subject to French individual income tax) would be deemed as income from movable capital and subject to the progressive rates of French individual income tax (with a maximum tax rate amounting to 45 per cent. excluding any exceptional contribution to income tax that may be assessed in respect of individuals with taxable income over €250,000). In addition, such net profit would also be subject to social charges amounting to 15.5 per cent.

(2) Net profit realised in France in respect of Warrants or applicable Certificates

Net profit realised in France in respect of Warrants or Certificates (which do not constitute *obligations* under French law or *titres de créances négociables* for French tax purposes, or other debt instruments issued under French or foreign law and fiscally similar thereto within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20120912 dated 12 September 2012, n°70) by a French individual tax resident Warrantholder 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, or other debt instruments issued under French or foreign law and fiscally assimilated thereto within the meaning of administrative guidelines BOI-RPPM-RCM-30-10-30-30-20120912 dated 12 September 2012, n°70) by a French corporate tax resident Warrantholder or Certificateholder, as applicable, would be subject to (i) French corporate income tax at the normal rate of 33.1/3 per cent., (ii) the 3.3 per cent. additional social contribution on French corporate income tax, if applicable, and (iii) an additional contribution of 5 per cent. of the amount of corporate tax applicable for fiscal years ending between 31 December 2011 and 30 December 2015 to companies with turnover exceeding €250 million (raising the maximum effective rate up to 36.1 per cent.).

#### 4. Taxation in Germany

*The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This general discussion is based on the tax laws of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.*

*Prospective purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Securities, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.*

## **Tax Residents**

The section “Tax Residents” refers to persons who are tax residents of Germany (*i.e.* persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

### *Withholding tax on current income and capital gains*

Capital gains (*i.e.* the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by an individual holder of Securities will be subject to German withholding tax if the Securities are kept in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a **Disbursing Agent**, *auszahlende Stelle*), provided the Securities have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. In such case, German withholding tax will be levied by the Disbursing Agent on account of the holder of Securities. A secondary liability of the holder of the Securities might arise under certain circumstances. The tax rate is 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon, the total withholding being 26.375 per cent.). If the individual holder of Securities is subject to church tax, a church tax surcharge may also be withheld.

The same treatment applies to ongoing payments on the Securities.

Where Securities are issued in a currency other than Euro any currency gains or losses are part of the capital gains.

If interest coupons or interest claims are disposed of separately (*i.e.* without the Securities), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the redemption of interest coupons or interest claims if the Securities have been disposed of separately.

If Securities qualifying as a forward/futures transaction (*Termingeschäft*) according to sec. 20 para. 2 sent. 1 no. 3 German Income Tax Act (**ITA**, *Einkommensteuergesetz*) are settled by a cash payment, capital gains realised upon exercise (*i.e.* the cash amount received minus directly related costs and expenses, *e.g.* the acquisition costs) are subject to withholding tax.

To the extent the Securities have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition or if the Securities have been transferred into the custodial account of the Disbursing Agent only after their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 per cent. (including solidarity surcharge) on 30 per cent. of the disposal proceeds (plus interest accrued on the Securities (**Accrued Interest**, *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Securities by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the EU Savings Directive (*e.g.* Switzerland or Andorra).

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual holder of Securities via the Disbursing Agent (*e.g.* losses from sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder of Securities in the custodial account with the Disbursing Agent.

Individual holder of Securities may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly) for all investment income received in a given year. Upon the individual holder of Securities filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the holder of Securities has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Securities held by a corporation as holder of Securities while ongoing payments such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Securities form part of a trade or business or are related to income from letting and leasing of property, subject to further requirements being met.

#### *Taxation of current income and capital gains*

The personal income tax liability of an individual holder of Securities deriving income from capital investments under the Securities is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Securities kept in custody abroad or if no Disbursing Agent is involved in the payment process or if the withholding tax on disposal, redemption, repayment or assignment has been calculated from 30 per cent. of the disposal proceeds (rather than from the actual gain), the individual holder of Securities must report his or her income and capital gains derived from the Securities on his or her tax return and then will also be taxed at a rate of 25 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon and church tax, where applicable). Further, an individual holder of Securities may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over-withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Losses incurred with respect to Securities can only be off-set against investment income of the individual holder of Securities realised in the same or the following years. Any losses realised upon the disposal of shares in stock corporations received in exchange for the Securities can only be off-set against capital gains deriving from the disposal of shares. Losses from Securities qualifying as forward/futures transactions that expire worthless shall – according to the administrative directive of the German tax authorities – be non-deductible for individual holders.

Where Securities form part of a trade or business or the income from the Securities qualifies as income from the letting and leasing of property the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Securities form part of a trade or business, interest (accrued on the Securities) must be taken into account as income. The respective holder of Securities will have to report income and related (business) expenses on the tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the holder of Securities. Where Securities form part of a German trade or business the gains from the disposal, redemption, repayment or assignment of the Securities may also be subject to German trade tax.



If Securities form part of a trade or business, the deductibility of losses derived from the exercise, disposal or expiration of Securities which qualify for tax purposes as forward/futures transactions is generally limited. These losses may only be applied against profits from other forward/futures transactions derived in the same or, subject to certain restrictions, the previous year. Otherwise these losses may be carried forward indefinitely and applied against profits from forward/futures transactions in subsequent years. These generally do not apply to futures transactions hedging the investor's ordinary business. Further special rules apply to credit institutions, financial service companies and finance companies within the meaning of the German Banking Act.

### **Non-residents**

Capital gains derived from the Securities are not subject to German taxation, unless (i) the Securities form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of Securities; or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Securities are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Securities are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposal, assignment or redemption of a Security or an interest coupon are paid by a Disbursing Agent to a non-resident upon delivery of the Securities or interest coupons, withholding tax generally will also apply. In each case, German withholding tax will be levied by the Disbursing Agent on account of the holder of Securities. A secondary liability of the holder of the Securities might arise under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Securities will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Security is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Germany.

### **EU Savings Directive**

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the EU Savings Directive into German law. These provisions apply from 1 July 2005.

For further information about the EU Savings Directive please refer to page 216.

### **No gross-up for taxes withheld**

Purchasers of the Securities should note that according to the Terms and Conditions neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Securities, nor make any additional payments in regard of these taxes, *i.e.* no gross-up will apply if a withholding tax is imposed.

## **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

### **5. Luxembourg Taxation**

The following discussion is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

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

#### *Withholding tax*

##### *Non-Resident holders of Securities*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the **Laws**), there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon settlement or repurchase of the Securities held by non-resident holders of Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her/its country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest or similar income under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent..

##### *Resident holders of Securities*

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

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg

are at present subject to a withholding tax of 10 per cent.. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest or similar income under the Securities coming within the scope of the Law will be subject to withholding tax of 10 per cent..

## **6. Portuguese Taxation**

The following is a general discussion of the current Portuguese tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments in respect of the Securities. The statements do not deal with other Portuguese tax aspects regarding the Securities and relate only to the position of persons who are absolute beneficial owners of the Securities. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Securityholders who are in any doubt as to their tax position should consult their own professional advisers.

### **Security holders income tax**

As a rule, the income arising from the Securities are qualified as capital gains for Portuguese tax purposes. However, regarding the Securities that qualified as Certificates the positive difference, if any, between the minimum amount guaranteed and the subscription price of the certificates is qualified as investment income subject to Income Tax in Portugal.

Whenever there is the obligation to withhold tax at source, such responsibility shall be assumed by the Portuguese resident paying agent.

### **Personal Income Tax (“PIT”)**

#### **(i) Investment income**

The positive difference, if any, between the minimum amount guaranteed and the subscription price of the Certificates is qualified as investment income subject to Personal Income Tax in Portugal.

As regards to investment income on the Certificates made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 25 per cent. if there is a Portuguese resident paying agent as from the moment the correspondent amounts are made available to the individual resident in Portugal for tax purposes, unless the individuals elects to include the income in their taxable income, subject to tax at the current progressive personal income tax rates of up to 46.5 per cent. An additional personal income tax rate of 2.5 per cent. that will be due on the part of the taxable income exceeding €153,300. In this case, the tax withheld is deemed to be a payment on account of the final tax due. Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 30 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

Investment income payments due by non resident entities to Portuguese tax resident individuals will be included in their taxable income, subject to tax at the current progressive rates of up to 46.5 per cent whenever those payments are not subject to Portuguese withholding tax. An additional personal income tax rate of 2.5 per cent. that will be due on the part of the taxable income exceeding €153,300.

**(ii) Capital gains**

The annual positive balance arising from the difference between capital gains and capital losses resulting from transactions in connection with the Securities will be taxed at the special tax rate of 25 per cent., unless the individuals resident in Portugal elects to include the income in their taxable income, subject to tax at progressive rates of up to 46.5 per cent. An additional personal income tax rate of 2.5 per cent. that will be due on the part of the taxable income exceeding €153,300.

There is no Portuguese withholding tax on capital gains.

**Corporate Income Tax (CIT)**

**Investment income and capital gains**

Investment income arising from Certificates, if any, and capital gains obtained by Portuguese corporate resident entities in relation to the Securities will be included in their taxable income and is subject to a corporate income tax rate of 25 per cent., which may be subject to a municipal surcharge (*derrama municipal*) of up to 1.5 per cent., over the Securityholders taxable profits. A state surcharge ("*derrama estadual*") rate will be of 3 per cent. due on the part of the taxable profits exceeding €1,500,000 up to €10,000,000 and of 5 per cent. on the part of the taxable profits exceeding €10,000,000.

There is (i) no Portuguese withholding tax on capital gains and (ii) no withholding tax on investment income arising from the Certificates, if any, even if there is a Portuguese paying agent that made available such income to the corporate entities resident in Portugal for tax purposes.

**EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

**7. Spanish Taxation**

*The following discussion is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Spain, though it is not intended to be, nor should it be construed to be, legal or tax advice. This section does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in the Securities or of all the tax consequences that may derive from the subscription, acquisition, holding, transfer, redemption or reimbursement of the Securities and does not purport to describe the tax consequences applicable to categories of investors subject to special tax rules. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, regional or local law in Spain, to which they may be subject.*

**Individuals with Tax Residence in Spain**

**Certificates**

*Personal Income Tax*

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore

any income that Spanish holders of the Certificates may receive under the Certificates will be subject to Spanish taxation.

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates obtained by individuals who are tax resident in Spain will be regarded as financial income for tax purposes (i.e. a return on investment derived from the transfer of own capital to third parties), regardless of whether is in kind or in cash.

Both types of income will be included in the savings part of the taxable income generally subject to Personal Income Tax at the following tax rates: financial income up to €6,000 will be taxed at a rate of 19 per cent and the excess over such threshold will be subject to a tax rate of 21 per cent. However, exceptionally during the tax periods 2012 and 2013, the savings income tax base will be taxed at the following rates: (i) 21 per cent. up to €6,000; (ii) 25 per cent. from €6,001 up to €24,000; and (iii) 27 per cent. on any amount exceeding €24,000.

Spanish holders of the Certificates shall compute the gross interest obtained in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any.

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

Likewise, expenses relating to the management and deposit of the Certificates, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

Losses that may derive from the transfer of the Certificates cannot be offset if the investor acquires homogeneous Certificates within the two-month period prior or subsequent to the transfer of the Certificates, until he/she transfers such homogeneous Certificates.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Certificates, if any.

#### *Wealth Tax*

In accordance with Royal Decree-law 13/2011 of 16 September, Wealth Tax came into effect for the tax periods 2011 and 2012. In addition to that, Law 16/2012 extended effects of Wealth Tax for 2013. However, the potential Wealth Tax liability should be analysed in connection with local regulations of each Spanish Region, provided some of them foresee full exemption of Wealth Tax. Wealth Tax is levied on the net worth of an individual's assets and rights. The marginal rates range between 0.2 per cent. and 3.75 per cent. and some reductions could apply. Individual with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Securities which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

#### *Inheritance and Gift Tax*

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

## **Warrants**

### *Personal Income Tax*

The premium or amount paid for the subscription of the Warrants would not be considered as a deductible expense, but as the acquisition value, which would include the expenses and commissions, inherent to the acquisition, paid by the acquirer.

Income obtained by the holders of the Warrants covered by this Prospectus on their transfer before the expiration date, will be considered as capital gains or losses in accordance with the provisions of the Spanish Personal Income Tax Law. The gain or loss shall be calculated as a difference between the transfer value, once any expenses and commissions paid by the taxpayer have been deducted, and the acquisition value, as defined above.

Upon the exercise of the Warrants, income obtained would be considered as a capital gain or loss, which will be calculated as the difference between (i) the Settlement Price, once any expenses and commissions paid by the taxpayer have been deducted, and (ii) the acquisition value, as defined above.

Failure to exercise any Warrants on the expiration date would give rise to a capital loss on the acquisition value.

Income derived from the transfer or exercise of the Warrants will be included in the savings part of the taxable income generally subject to Personal Income Tax at the following tax rates: financial income up to €6,000 will be taxed at a rate of 19 per cent and the excess over such threshold will be subject to a tax rate of 21 per cent. However, exceptionally during the tax periods 2012 and 2013, the savings income tax base will be taxed at the following rates: (i) 21 per cent. up to €6,000; (ii) 25 per cent. from €6,001 up to €24,000; and (iii) 27 per cent. on any amount exceeding €24,000.

### *Wealth Tax*

In accordance with Royal Decree-law 13/2011 of 16 September, Wealth Tax has come into effect for the tax periods 2011 and 2012. In addition to that, Law 16/2012 extended effects of Wealth Tax for 2013. However, the potential Wealth Tax liability should be analysed in connection with local regulations of each Spanish Region, provided some of them foresee full exemption of Wealth Tax. Wealth Tax is levied on the net worth of an individual's assets and rights. The marginal rates range between 0.2 per cent. and 3.75 per cent. and some reductions could apply. Individual with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the value of the Securities which they hold as at 31 December each year, when calculating their Wealth Tax liabilities.

### *Inheritance and Gift Tax*

Inheritance and Gift Tax is levied on individuals' heirs and donees resident in Spain for tax purposes. It is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate currently ranges between 7.65 and 34 per cent. depending on the particular circumstances, although the final tax payable may increase up to 81.6 per cent. This is nevertheless subject to the specific rules passed by the relevant Spanish regions with respect to this tax.

## **Legal Entities with Tax Residence in Spain**

### **Certificates**

#### *Corporate Income Tax*

Both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue.

The general tax rate for limited liability companies is currently 30 per cent. However, small sized companies (those companies whose net business income is lower than €10,000,000) can benefit from the reduced tax rate of 25 per cent. on the first €300,000 of their taxable profits. In addition to this, during the tax period 2013, companies with a net business income lower than €5,000,000 and an average staff of at least one employee and less than 25 employees could benefit from the reduced rate of 20 per cent. on the first €300,000 of their taxable profits, being the rest of the taxable profits subject to a tax rate of 25 per cent. Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Securities, if any.

### **Warrants**

As a general rule, income obtained either through the transfer or the exercise of the Warrants and obtained by taxpayers subject to Corporate Income Tax will be included in their taxable income under the general provisions described for Certificates.

## **Individuals and legal entities with no Tax Residence in Spain**

### **Certificates**

A non-resident holder of Certificates, who has a permanent establishment in Spain to which such Certificates are effectively connected with, is subject to Spanish Non-Residents' Income Tax on any income under the Certificates, including both interest periodically received and income arising on the disposal, redemption or reimbursement of the Certificates. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Corporate Income taxpayers (explained above).

### **Warrants**

As a general rule, income obtained by a permanent establishment located in Spain of a non-resident would be subject to taxation in a similar way than that applicable to Spanish tax resident corporate income taxpayers.

### **Spanish withholding tax**

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Certificates or intervenes as manager in the collection of any income under the Certificates, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the Certificates (income from Warrants will always be not subject to withholding tax in Spain). The current withholding tax rate in Spain is 19 per

cent. However, in principle during the tax periods 2012 and 2013 exclusively, the withholding tax rate applicable is 21 per cent.

Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish tax resident individuals, or against final Spanish Corporate Income Tax liability, in the case of Spanish corporate, or against final Non-Residents' Income Tax, in the case of a Spanish permanent establishment of a non-resident holder of the Certificates. However, holders of the Certificates who are Corporate Income Taxpayers or Non-Residents' Income Taxpayers acting through a permanent establishment in Spain to which the Certificates are effectively connected with can benefit from a withholding tax exemption when the Certificates are listed in an OECD official stock exchange. This will be the case as the Certificates are expected to trade on the Irish Stock Exchange's Regulated Market.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax (Royal Decree 439/2007, of 30 March) and Corporate Income Tax (Royal Decree 1777/2004, of 30 July) when intervening in the transfer or reimbursement of the Certificates.

### **Indirect taxation**

The acquisition, transfer, redemption, reimbursement and exchange of the Securities will be subject to and exempt from Transfer Tax and Stamp Duty as well as Value Added Tax.

The exemption applicable for Value Added Tax purposes would not cover deposit and management services related to the Securities.

### **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

## **8. Taxation in the United Kingdom**

*The following applies only to persons who are the beneficial owners of Securities and is a general discussion of the Issuer's understanding of current law and practice in the United Kingdom relating to United Kingdom withholding tax treatment of payments in respect of the Securities and United Kingdom stamp duty and stamp duty reserve tax only. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Securities. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective Securityholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

### **Withholding Tax**

Payments made in relation to a Security (including payments made on the exercise of Securities) may be made without deduction or withholding on account of United Kingdom income tax where such payments are (i) not regarded as arising in the United Kingdom for United Kingdom tax purposes and (ii) not treated as payments of interest or annual payments for United Kingdom tax purposes. If withholding on account of United Kingdom income tax is required, the Issuer and any other person by



or through whom the payments are made are required by law to deduct a sum representing income tax on it at the basic rate in force for the tax year in which the payment it is made (currently 20%).

### **Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

References in section (i) below to "Securities" include a Global Security.

#### *(i) Issue of Securities*

A charge to stamp duty at 1.5 per cent. by reference to the amount of consideration given for the Securities or, in the case of a Global Security, 1.5 per cent. of the consideration given for the Securities represented by that Global Security, may arise if such Securities are issued in the United Kingdom and are denominated in sterling. No stamp duty liability will arise on the issue of sterling denominated Securities if issued outside the United Kingdom. However, in relation to sterling denominated Securities originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security, a stamp duty liability at 1.5 per cent. may arise.

No SDRT is payable on the issue, into Euroclear or Clearstream, Luxembourg, of a Cash Settled Security. In certain limited circumstances SDRT may be payable in relation to the issue into Euroclear or Clearstream, Luxembourg of a Physical Delivery Security.

#### *(ii) Transfer within Euroclear or Clearstream*

No United Kingdom stamp duty should be required to be paid on the transfer of any Securities within Euroclear or Clearstream, Luxembourg provided no instrument is used to complete the transfer.

No United Kingdom SDRT should be payable on the transfer of any Securities within Euroclear or Clearstream, Luxembourg provided that no election has been made under which the alternative system of charge (as provided for in section 97A Finance Act 1986) applies to the Securities.

#### *(iii) Exercise*

No United Kingdom stamp duty or SDRT should be payable on the exercise of Cash Settled Securities. However, United Kingdom stamp duty and SDRT may be payable in relation to the exercise of a Physical Delivery Security.

### **Reporting of information**

In relation to any Security under which any amounts which are characterised as interest are payable, Securityholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Securityholder. HMRC also has the power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on the redemption of Securities which are deeply discounted securities where such amounts are paid on or before 5 April 2013. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

## 9. Taxation in The Netherlands

*The following is a summary of certain Netherlands tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant for a decision to acquire, hold or dispose of Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular holder. This summary is based on the tax laws of The Netherlands currently in force (unpublished case law not included) and as it stands on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change. This summary assumes that the terms and conditions of each transaction with respect to Securities are at arm's length.*

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

*Prospective holders of Securities are advised to consult their own tax advisers as to the tax consequences of the acquisition, ownership and disposition of Securities in their particular circumstances, including the effect of any taxation under the laws of The Netherlands.*

### **Out of scope**

This summary does not address the Netherlands tax consequences for:

- (a) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or, in the case of Physical Delivery Share Securities, any other entity and holders of Securities of whom a certain related person holds a substantial interest in the Issuer or in the case of Physical Delivery Share Securities any other entity. A substantial interest is generally present if a holder holds, alone or together with his spouse or partner, whether directly or indirectly, the ownership of, or certain other rights (including rights to obtain shares, whether or not already issued) over, (a) shares representing 5% or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company, (b) profit sharing certificates, or membership rights in a cooperative or a cooperative association, entitling the holder to 5% or more of the profits or of the liquidation distributions of a company, a cooperative or a cooperative association, or (c) membership rights representing 5% or more of the voting rights in the general meeting of a cooperative or a cooperative association;
- (b) investment institutions (*fiscale beleggingsinstellingen*);
- (c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax; and
- (d) corporate holders of Securities qualifying for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding can, *inter alia*, only qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

### **Holder of Securities**

Where in this section "Taxation in The Netherlands" reference is made to a "holder of Securities", such reference will include, without limitation:

- an owner of one or more Securities who, in addition to the title to such Securities, has an economic interest in such Securities,
- a person or an entity that holds the entire economic interest in one or more Securities,
- a person or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Netherlands tax purposes, the assets of which comprise one or more Securities, and
- a person who is deemed to hold an interest in Securities, as referred to under any of the above, pursuant to the attribution rules of article 2.14a, of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for example, in a trust or a foundation.

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

**Tax Residents.** Generally, all income derived from the Securities by its holder who is a resident or deemed to be a resident of The Netherlands and that is subject to Netherlands corporate income tax (*vennootschapsbelasting*) will be included in the holder's taxable profit, subject to Netherlands corporate income tax at a rate of 25%; a rate of 20% applies to the first €200,000 of taxable profits. Capital gains and losses arising on the disposal and redemption of the Securities will be included in the holder's taxable profit, subject to the same rates.

If the holder of the Securities is an individual, resident or deemed to be a resident of The Netherlands for the purposes of Netherlands income tax (*inkomstenbelasting*), including a non-resident individual holder who has opted to be treated as a resident of The Netherlands for Netherlands income tax purposes, the actual income derived from the Securities and the actual gains realised upon the disposal and redemption of the Securities will be subject to such individual income tax at the progressive income tax rates, the maximum being 52%, if:

- the holder of Securities has an enterprise or an interest in an enterprise, to which enterprise or part of such enterprise, as the case may be, the Securities are attributable,
- the income derived from and the capital gains realised upon the disposal and redemption of the Securities are regarded as 'taxable income from one or more activities not being activities that generate taxable profit or taxable wages' (*Belastbaar resultaat uit overige werkzaamheden*) within the meaning of articles 3.90, 3.91, 3.92 and 3.92b of the Netherlands Income Tax Act 2001, or
- in case the Securities can be qualified as loan receivables, the holder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, certain other of such persons' relatives (including foster children), (i) has indirectly

the disposition of the proceeds of the Securities, or (ii) has a substantial interest in an entity that legally or de facto, directly or indirectly, has the disposition of proceeds of the Securities.

An individual holder who is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands income tax, including a non-resident individual holder who has opted to be treated as a resident of The Netherlands for Netherlands income tax purposes, and who is not liable to tax under the preceding paragraphs, will not be liable to income tax on the actual income and the actual gains realised on the Securities. Instead, such holder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*Sparen en beleggen*) within the meaning of article 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the individual's "yield basis" (*Rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's "yield basis" exceeds a certain exempt amount. The Securities will be included in the holder's "yield basis".

**Non-Residents.** A holder who is not a resident of The Netherlands, nor deemed to be a resident, nor an individual who has opted to be taxed as a resident of The Netherlands for Netherlands income tax purposes, is not taxable on income derived from the Securities and capital gains realised upon the disposal or redemption of the Securities, provided that:

- such holder does not have an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment, or a deemed permanent establishment or a permanent representative in The Netherlands to which enterprise or part of an enterprise, as the case may be, the Securities are attributable,
- the Securities are not attributable to the assets of an enterprise that is effectively managed in The Netherlands, with respect to which enterprise, such holder is entitled to a share in its profits, other than by way of securities or if such holder is an individual, pursuant to the terms of an employment contract,

and in addition for individuals only:

- such holder does not derive income and/or realise capital gains on the Securities that are regarded as 'taxable income from one or more activities performed in The Netherlands not being activities that generate taxable profit or taxable wages' (*Belastbaar resultaat uit overige werkzaamheden in Nederland*) within the meaning of articles 3.90, 3.91, 3.92 and 3.92b of the Income Tax Act 2001, and
- in case the Securities can be qualified as loan receivables, the holder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, certain other of such persons' relatives (including foster children), (a) does not have indirectly disposition of the proceeds of the Securities, nor (b) has a substantial interest in an entity that legally or de facto, directly or indirectly, has the disposition of proceeds of the Securities nor (c) if either (a) or (b) is not met, such disposition cannot be considered to take place in The Netherlands.

**Gift, Estate and Inheritance Taxes.** Generally, gift and inheritance taxes will be due in The Netherlands on the acquisition of the Securities by way of a gift, in substance or in form, by, or on the death of, a holder of Securities who is a resident or deemed to be resident of The Netherlands for the purpose of Netherlands gift and inheritance tax at the time of the gift or his or her death.

No gift or inheritance taxes will arise in The Netherlands on the acquisition of the Securities by way of a gift, or a result of the death of, a holder of Securities who is neither a resident nor deemed to be a resident of The Netherlands for the purpose of Netherlands gift and inheritance tax, unless in the case of a gift of the Securities by an individual who at the date of the gift was neither a resident nor deemed

to be a resident of The Netherlands, such holder dies within 180 days after the date of the gift, while at the time of his death being a resident or deemed to be a resident of The Netherlands.

**Value Added Tax.** There is no Netherlands value added tax payable by a holder of a Security on payments in consideration for the issue of the Securities or on the cash payment made under the Securities, or in respect of the transfer of the Securities.

**Other Taxes and Duties.** No capital duty, registration tax, transfer tax, customs duty, stamp duty or other similar duties or documentary taxes will be payable in The Netherlands on the creation, subscription, offering, issue allotment or delivery of the Securities, unless the Securities represent an interest in real estate, or certain rights over such real estate, situated in the Netherlands.

## 10. Taxation in Belgium

*Prospective Holders of securities are advised to consult their own advisors as to the tax consequences of the purchase, ownership and disposal of securities, including the effect of any taxes under Belgian law. The present overview is only general information, which is not intended to deal with specific aspects of an investment in Certificates. Potential investors are recommended to consult their tax advisor on basis of their own particular situation.*

### **Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. At the beginning, Belgium operated a withholding system in relation to such payments. Since January 1st 2010, Belgium also applies exchange of information.

### ***Belgian income taxes regarding Certificates***

The following summary describes the principal Belgian tax considerations with respect to the holding of Certificates obtained by an investor in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Certificates. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

As a general rule, Belgian withholding tax is due by the debtor of interest income. Since the issuer of the Certificates is an Italian bank, this rule is not relevant in the case at hand. Belgian withholding tax may still be due provided the Belgian paying agent intervenes during the pay out of the interest income. Moreover, special rules apply with respect to entities subject to the income tax regime for Belgian entities (see below).

### ***Belgian resident individual private investors***

The following tax treatment applies to individual Belgian residents, subject to Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*). Other rules can however apply in special situations: when Certificates are linked to the private investor's professional activity or when the taxpayer's transactions with respect to the Certificates fall outside the scope of the normal management of their private estate.

Generally speaking, any amount paid by the Issuer in excess of the issuance price of the Certificates at the maturity date or at early redemption, is taxable as interest.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any foreign withholding tax) has to be declared in the Belgian investor's personal income tax return and will be taxed at the rate of 25%.

If, on the contrary, a Belgian paying agent (e.g. a bank) is an intermediary during the pay-out of the interest, such intermediary will have to apply Belgian withholding tax at the rate of 25%, and the investor will no longer have the duty to report the interest in his personal income tax (special rules apply however with respect to income year 2012).

If the Certificates qualify as fixed income securities in the meaning of article 2, § 4 Belgian Income Tax Code, the interest income of the Certificates is taxable in the hands of each successive holders based on the duration that they have been holding the Certificates. This implies that the holders cannot avoid taxation by selling the Certificate before maturity or before redemption by the issuer. According to the tax administration, the taxable event for personal income tax purposes arises at the moment of sale if the holder transfers the Certificate to someone other than the issuer (although the Belgian tax administration agrees that such event does not trigger Belgian withholding tax where the investor is an individual, cfr. Circular letter of 25 January 2013). However, the viewpoint of the tax administration regarding personal income tax purposes is criticized by the majority of the commentators and it has already been overruled in a decision of the Court of Antwerp (decision of 12 March 2002). According to the majority of the authors and the Court of Antwerp, the taxable event can only occur when the Certificate is reimbursed to the final Holder by the issuer.

Where the Holder does not have any guarantee that the principal will be recovered and is not entitled to a guaranteed return either, it is – based on case law and viewpoints expressed by commentators - arguable that such Certificates do not qualify as fixed income securities, although the Belgian tax administration does not share this viewpoint.

If the Certificates are repurchased (whether or not on the maturity date) by the Issuer, the redemption bonus is taxable as interest at 25%.

Capital gains realized on the sale of the Certificates - except for the pro rata of accrued interest in the case of fixed income securities - are in principle tax exempt. The capital gains will however incur taxation at 33% if they are realized in a way which exceeds "the normal management of one's private estate". Taxation of the capital gains will also occur if the Certificates are held by the investor as assets of his professional activity (taxation at the marginal rate).

#### *Tax treatment in the hands of Belgian corporations*

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

Interest derived by Belgian corporate investors on the Certificates and capital gains on the Certificates will be subject to Belgian corporate income tax of 33.99%. Realized capital losses are in principle deductible. Moreover, the tax deductibility of unrealized capital losses can be argued provided that the Certificate does not qualify as an instrument similar to a bond. Therefore, it is arguable that non-realized losses on the certificate are tax deductible, provided that the Holder i) does not have any guarantee that the invested amount will be recovered, and ii) does not have any guaranteed return either.

Interest payments to a Belgian company made through a paying agent in Belgium may qualify for exemption from withholding tax provided the Certificate qualifies as similar to a bond loan and provided a certificate is delivered (articles 108 and 117, § 12 R.D./I.T.C.). Belgian withholding tax is due by the Belgian paying agent (if any), e.g. a Belgian bank which acts as an intermediary during the pay-out of the interest. When Belgian withholding tax was levied, such withholding tax is creditable against the corporate income tax due and reimbursable provided the legal requirements for creditability are met, subject to the conditions provided in article 280 of the Belgian I.T.C.

#### Other legal entities

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

Any amount paid by the Issuer in excess of the issuance price of the Certificates at the maturity day or subsequent to early redemption is taxable as interest.

Payments of interest on the Certificates made through a paying agent in Belgium will in principle be subject to a 25% withholding tax in Belgium and no further tax on legal entities will be due on the interest. If the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the payment of 25% withholding tax itself.

If the Certificates qualify as fixed income securities in the meaning of article 2, § 4 I.T.C., Belgian legal entities are taxable on the *pro rata* of accrued interest corresponding to the detention period in case of a realization of the Certificates between two interest payment dates or before maturity / reimbursement by the issuer. Withholding tax on the portion of the accrued interest is also due by the legal entity if fixed income securities are being transferred prior to maturity (article 262,5° I.T.C.).

Capital gains realized on the sale of the Certificates are in principle tax exempt, unless the Certificates are repurchased by the Issuer (in which case the capital gain is taxable as interest) and except for the *pro rata* of accrued interest in the case of fixed income securities.

#### Special tax regimes

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

#### Non-resident investors

The interest income on the Certificates paid through a Belgian intermediary to non-resident investors will in principle be subject to a 25% withholding tax subject to such relief as may be available under applicable domestic and tax treaty provisions.

Where the withholding tax is due, it is due by a Belgian paying agent (e.g. Belgian bank) provided it acts as an intermediary during the pay-out of the interest.

An exemption is available under Belgian domestic provisions in case of payment of interest on the Certificates through a (financial) intermediary established in Belgium, provided that such (financial) intermediary qualifies as a recognized credit institution, exchange company or clearing or settlement institution and pays the interest to non-resident beneficial owners directly, on the condition that such non-resident beneficial owner certifies that he or she (i) is a non-resident for Belgian income tax

purposes, (ii) has not held the Certificates as part of a taxable business activity in Belgium, and (iii) is the legal owner, or holds the usufruct of the Certificates (art 230, 2<sup>o</sup>, b) ITC/92).

Moreover, the following exemptions apply in particular circumstances:

- (i) An exemption is available under Belgian domestic provisions in case of payment of interest on the Certificates through a (financial) intermediary established in Belgium, provided that such (financial) intermediary qualifies as a recognized credit institution, stock exchange company or clearing or settlement institution and pays the interest to certain qualifying credit institutions, financial intermediaries, clearing and settlement institutions or portfolio management companies established outside of Belgium, referred to in Article 261, par. 4 ITC/92).
- (ii) A second exemption is available under Belgian domestic provisions is in case of payment of interest on the Certificates through a (financial) intermediary established in Belgium, provided that such (financial) intermediary qualifies as a recognized credit institution, stock exchange company or clearing or settlement institution and pays the interest to non-qualifying intermediaries, on the condition that such non-qualifying intermediary certifies that the beneficial owners (i) are non-residents for Belgian income tax purposes, (ii) have not held the Certificates as part of a taxable business activity in Belgium, and (iii) are the legal owners, or hold the usufruct of the Certificates (art 264bis ITC/92).

The non-resident companies or professionals who use the debt instruments to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies or Belgian professionals.

#### ***Tax on Stock Exchange Transactions***

No Belgian Tax on Stock Exchange Transactions is due upon the issue of Certificates.

The sale and purchase of Certificates on the secondary market through a professional Belgian intermediary are subject to 0.09 % tax on stock exchange transactions in Belgium to the extent that the certificates qualify as bonds (which requires in our opinion at the least that the amount invested is guaranteed). This tax applies to both the acquisition and the sale of the Certificates. It is capped at € 650 per transaction and per party.

However, with respect to Certificates whereby the Holder does not have any guarantee that the principal will be recovered (this may e.g. be the case with fund etc. linked Certificates), it is questionable that such Certificates can be regarded as "bonds" for the application of Belgian legislation regarding Tax on Stock Exchange Transactions. For such instruments, one should consider that the applicable rate is 0.25%, capped at € 740 per transaction and per party.

Transactions carried out by a number of investors for their own account are exempt:

- intermediaries as mentioned in article 2, 9<sup>o</sup> and 10<sup>o</sup> of the Law of 2 August, 2002 on the supervision of the financial sector and financial services;
- insurance companies as mentioned in article 2, §1 of the Law of 9 July 1975 on the supervision of insurance companies;
- pension funds (*instellingen voor bedrijfspensioenvoorziening / institutions de retraite professionnelle*) as mentioned in article 2, 1<sup>o</sup> of the Act of 27 October 2006 on the supervision of pension funds;
- UCITS; and
- non-residents (subject to an affidavit of non-residency).



### *Gift tax and inheritance tax*

Belgian tax legislation provides both gift tax and inheritance tax.

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

## **11. Taxation in Czech Republic**

*The following is a general discussion of certain Czech tax consequences of the acquisition, holding and disposal of Securities. It does not purport to be a comprehensive description of all Czech tax considerations that may be relevant to a decision to purchase, hold or dispose of the Securities, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This general discussion is based on the tax laws of the Czech republic (“CR”) currently in force and as applied on the date of 1 January 2013, which are subject to change, possibly with retroactive or retrospective effect.*

*As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment. Investors should be aware that the statements below are of general nature and do not constitute legal or tax advice and should not be understood as such.*

*Prospective investors should consult their professional advisors to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Securities.*

### 11.1 Acquisition of Securities

Provided the Securities are acquired by Czech tax residents, no withholding tax should be applicable in the CR to the acquisition price paid by them to the Issuer, provided (i) the Issuer is a tax resident of Italy, (ii) the Issuer is the beneficial owner of this income and (iii) the foregoing facts are sufficiently documented.

No transfer tax / stamp duties would be payable in the CR in connection with acquisition of the Securities.

### 11.2 Holding of Shares

No stamp duties or wealth tax are payable in the CR from the Securities held by Czech tax residents.

However, any income resulting from the holding of the Securities (interest, dividends etc.) would be subject to income tax in the CR. Furthermore, it would be important to verify whether or not the changes in values of the Securities (due to changes in marker prices, FX changes etc.) would have any tax consequences in the CR.

### *Personal Income Tax*

This tax would be payable by individuals – Czech tax residents. The general tax rate is 15%. In the case when the Czech resident investor is an individual entrepreneur and the Securities are part of its business assets, the application of social / health insurance charges and solidarity tax should be considered based on individual situation.

### *Corporate income tax*

Any income of Czech legal entities (tax resident in the CR) resulting from the holding of the Securities in the form interest, dividends etc. would be generally subject to taxation in the CR. Corporate income tax applicable in the CR is 19%; however, certain types of income (e.g. dividends) may be subject to 15% special rate.

Although it is not likely that an exemption might apply to foregoing income in the case of the Securities, this should be considered as well. Generally, dividends could be exempt from corporate income tax in the CR if the recipient of the income (its beneficial owner) holds certain percentage on the share capital of the company that pays the income (at least 10% for at least 12 months)

#### *Double taxation avoidance*

In the case when the income paid to Czech tax residents by the Issuer is subject to withholding tax in Italy (or any other country), the Czech recipient of the income should generally be able to avoid the double taxation by using the method specified in the relevant Double Tax Treaty (e.g., he should be able to offset the tax paid abroad against his Czech tax liability). Details and specific conditions should be determined based on the individual situation of the owner of the Securities.

### 11.3 Sale / Realization of Shares

No transfer tax would be payable in the CR upon the Sale / Realization of the Securities. However revenues resulting from the Sale / Realization of the Securities would generally be subject to income tax in the CR.

#### *Personal Income Tax*

This tax would be payable by individuals – Czech tax residents. The general tax rate is 15%. In the case when the Czech resident investor is an individual entrepreneur and the Securities are part of its business assets, the application of social / health insurance charges and solidarity tax should be considered based on individual situation. The tax base would generally be the difference between then selling / realization price and the acquisition price.

Generally, if the Securities are considered as securities (“cenné papíry”) under the Czech law and are not part of business assets of an individual entrepreneur, the income from the sale of the Securities could be exempt if the holding period exceeds 6<sup>6</sup> months and the amount of securities owned by the investor is less than 5% of the share capital of the Issuer.

#### *Corporate income tax*

Any income of Czech legal entities (tax resident in the CR) resulting from the Sale realization of the Securities in the form interest, dividends would be generally subject to taxation in the CR. Corporate income tax applicable in the CR is 19%.

Although it is not likely that an exemption might apply to foregoing income in the case of the Securities, this should be considered as well. Generally, income from the sale of the Securities could be exempt from corporate income tax in the CR if the recipient of the income (its beneficial owner) holds certain percentage on the share capital of the company that pays the income (at least 10% for at least 12 months).

### 11.4 VAT issues

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<sup>6</sup> This period may be extended to 3 years since 2014.

Generally, the income resulting from the holding or the sale of Securities may have implications of the holder's VAT position. Each holder is therefore recommended verifying this with his professional tax advisor.

## **12. Taxation in Slovakia**

*The purpose of the summary below is to provide a general overview of the relevant Slovak tax rules based on the laws in force in Slovakia as of the date of this Prospectus. It does not purport to be a comprehensive description of all tax implications that might be relevant to an investment decision. Please note that Investors in the Securities should consult with their professional advisers particular circumstances which should be examined and considered in detail.*

### **Income tax**

In general, the income tax imposed on a natural person is 19% from the tax base which shall not exceed EUR 34,401.74; if exceeded, the 25% income tax rate shall apply in relation to the excess of the tax base. Income tax of corporations is 23% from the tax base lowered by the tax loss.

### **Residents**

An individual is a Slovak resident if his domicile (a registered permanent stay) or habitual place of abode (a physical presence for more than 183 days in a calendar year) is in Slovakia. Individuals, who are residents in Slovakia, are subject to unlimited income tax liability on their world-wide income (i.e. income from domestic and foreign sources).

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

### **Interest**

Interest income earned from the securities is taxed at the general progressive rates (19% and 25%) in case of individuals and at the rate of 23% in case of corporations. Notwithstanding this, the interest income from a certain type of securities or securities with the specific features, provided it has a source in Slovakia, may be subject to a withholding tax of 19%. The tax is to be withheld by a paying entity at the moment of payment. The tax withheld could have an effect of final taxation or the taxpayer could offset it against the tax due in the same fiscal period.

### **Capital gains**

#### *Individual investors holding the securities as a non-business asset*

Capital gains from the sale of the securities are taxed at the general progressive rates (19% and 25%). A loss from the sale of the securities shall not be offset against gains from the sale of the securities or other securities in the same fiscal period.

The tax base shall be equal to the taxable income lowered by expenses, which may be documented as having been incurred in order to generate the income. Expenses that can be deducted are the purchase price proven to be paid for the securities, or when there is no purchase then the price for the securities determined at the time when the securities were acquired, and the expenses related to the acquisition or purchase of the securities.

Capital gains from the sale of the securities will be exempt from Slovak personal income tax if the aggregate of the tax base does not exceed the flat amount of EUR 500. If the above mentioned limit is exceeded, only the excess amount is included in the tax base.

#### *Corporations and individual investors holding the securities as a business asset*

Capital gains from the sale of the securities are taxed at the general progressive rates (19% and 25%) in case of individuals and 23% in case of corporations. In the case of the sale of securities, a loss is

generally treated as a tax non-deductible expense. However, a loss from the sale of the securities may be offset against the gains from the sale of the securities in the same fiscal period.

Under the following conditions the loss incurred is entirely accepted as a tax deductible expense: (i) securities traded at a stock exchange, the acquisition cost of which is not higher, and the proceeds from the sale of which are not lower than a deviation of 10% from the average quotation published by the stock exchange on the date of purchase or sale, or, if the securities are not traded on such a date, from the last published average quotation; as regards the securities above, the expense shall be equal to the acquisition cost of shares, or, with respect to other securities, the acquisition cost adjusted by the valuation difference arising out of valuation at the fair market price which is included in the tax base; (ii) bonds, the selling price of which is not lower by more than the interest accrued on the bonds and included in the tax base prior to the date of sale or the date of maturity of the bond; and (iii) for taxable parties which are engaged in the trading with securities pursuant to applicable legislation, and which may deduct the expense of the acquisition of securities up to the amount posted as their cost.

### **Non-residents**

Non-residents (both individuals and corporations) are taxed only on Slovak-source income. The interest income earned from the securities paid out by a Slovak tax resident or a permanent establishment of a Slovak tax non-resident to a Slovak tax non-residents are taxed at the domestic withholding tax rate of 19% unless such rate is reduced by a double taxation treaty or exempt under the EU interest and royalties directive. The responsibility for withholding of the tax at source is vested with the Slovak tax resident or a permanent establishment of a Slovak tax non-resident making the relevant payment.

### **EU Savings Directive**

The Slovak Republic has implemented the Directive 2003/48/EC on taxation of savings income in relation to interest payments. As a result, an exchange of information between tax authorities applies. Pursuant to the Act on Tax Administration, a Slovak paying agent, who pays interest income to an individual beneficial owner from another EU Member State or from a dependent or associated territory of a Member State, is obliged to provide specific information about such payment to the tax authorities by 31 March for the previous calendar year.

Interest income subject to the automatic exchange of information constitutes, inter alia, income incurred from participation certificates, bonds, certificates of deposit, treasury bills and other securities of similar characteristics during the holding of such a financial instrument or income accrued at the sale, refund or redemption of the financial instrument.

### **Withholding tax in relation to Securities**

Provided that (i) the Securities shall be issued outside the Slovak Republic, (ii) the Issuer shall be a Slovak tax non-resident and (iii) all payments in relation to Securities shall be executed by the Issuer or by the entity executing such payments on behalf of the Issuer, any income earned from the Securities shall be qualified as the income having a source outside the Slovakia and as such shall not be subject to withholding tax in Slovakia.

### **Other taxes**

There is no inheritance tax, gift tax, ownership tax or transfer tax in the Slovak Republic.

However, if securities are donated by an employer to a Slovak tax resident who is an employee, or if securities are donated to a Slovak tax resident who is self-employed and these securities are donated in connection with the carrying out of this self-employment, the value of the gift is subject to Slovak income tax and related health insurance contributions. The value of gift is also subject to the Slovak social insurance contributions since the assessment base for social insurance purposes generally follows the tax base of the individual (employee or self-employed person), although some exemptions may apply.

**Although the dividends are not subject to income tax in Slovakia, it is to be noted that they may be subject to health insurance contributions.**

### 13. Taxation in Hungary

*The following discussion is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Hungary and as applied on the date of this Base Prospectus, which may be subject to change, possibly with retroactive or retrospective effect. It is not intended to be, nor should it be construed to be, legal or tax advice, therefore should be treated with appropriate caution. This is a general discussion and does not constitute a complete description of all the tax issues that may be relevant in making the decision to invest in Securities in Hungary. Prospective investors in the Securities who are in any doubt as to their tax position should consult their own professional advisers.*

#### **Taxation of resident private individuals**

##### *Personal Income Tax*

Resident private individuals shall be subject to tax liability in respect of all their income (all-inclusive tax liability).

##### *Income from Controlled Capital Market Transactions*

Transactions with Securities according to the Hungarian Personal Income Tax laws are generally considered as controlled capital market transactions. This general rule allows the Security owners to use special – simplified and consolidated – taxation rules for the aggregated profit/loss realized on the transactions with Securities.

**Controlled capital market transaction** means any transaction concluded with an investment service provider, or with the help of an investment service provider involving financial instruments (other than privately placed securities) or commodities, as well as foreign exchange or currency, where such deals are concluded by prompt financial settlement (except for transactions where a price - other than the fair market value - is used as specified by the investment service provider's customer and/or the parties he represents), and (a) if executed within the framework of activities supervised by the Pénzügyi Szervezetek Állami Felügyelete (Hungarian Financial Supervisory Authority), or (b) that is concluded with an investment service provider, or with the help of an investment service provider, operating in the money markets of any EEA Member State and if executed within the framework of activities supervised by the competent authorities of that State, and for which the private individual has a certificate made out by the investment service provider to his name, containing all data and information for each and every transaction concluded during the tax year for the assessment of his tax liability.

**Income from controlled capital market transactions** mean the profit realized on controlled capital market transaction(s) the private individual has made during the tax year (calendar year), and received in money from all such transactions (total profit realized on transactions) that is in excess of the total losses the investment service provider has charged to the private individual in connection with a given transaction or transactions, and paid during the tax year (total loss realized on transactions). Losses on controlled capital market transactions shall include the sum of total loss realized on transactions that is in excess of the total profit realized on transactions. If the private individual realized any loss in connection with a controlled capital market transaction during the two years preceding the current tax year, and if this loss is indicated in his tax return filed for the year when the loss was realized, the private individual shall be entitled to tax compensation that may be claimed as tax paid in the tax return.

The investment service provider recognized as a payer shall disclose to the state tax authority the information contained in the documents (certificates of execution) he has made out by 15 February of the year following the tax year - indicating the private individual's name and tax identification number - concerning the income the private individual has realized from transactions executed during the tax

year. In connection with controlled capital market transactions the investment service provider is not subject to the obligation of tax (tax advance) deduction.

The private individual affected shall assess the profit realized on such controlled capital market transaction(s) and the tax payable on such income relying on the documents (certificates of execution) made out by the investment service provider or on his own records, and shall declare them in his tax return filed for the tax year, and shall pay the tax by the deadline prescribed for filing tax returns.

The tax payable on the income from controlled capital market transactions is 16 per cent. of the tax base.

In any other cases, when the transaction does not consider as a controlled capital market transaction (failure to comply with the conditions mentioned above), the calculation of profit/loss on Security transactions could result in a different tax base, tax payment, where consultancy with a tax advisor is advisable.

#### *Withholding tax*

As long as the income from the transaction - according to the tax regulations of the payer's country legislation – is considered as dividends, it may be limited taxable by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. The rate of withholding tax is 20% in Ireland, which shall be moderated based on the double taxation treaty between Ireland and Hungary. The tax paid in the source country shall be deductible from the tax payable in the resident country. Generally, in case of any other type of income, the withholding tax shall not be levied (0%) by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer.

#### **Taxation of resident entities**

##### *Corporate Tax and Dividend Tax*

The tax liability of resident taxpayers shall apply to their income from Hungary and from abroad, both (total tax liability).

In general, the interest and capital gain realized on the transactions with Securities by resident entities will be the part of their pre-tax profit/loss and will be taxable in the same way as the income from the regular operation where pre-tax profit, adjusted with the tax base modifying items shall represent the corporate tax base.

The corporate tax rate is 10 per cent. of the positive tax base up to five 500 million forints (appr. EUR 1.6 million) and 19 per cent. of the above part.

##### *Duties and Local Business Tax for resident tax payers (individual and corporate)*

The Securities should be classified as movable tangible properties in respect of duties. In case of inheritance, gifting or quid pro quo transfer of property of Securities it is necessary to count with the occurrence of duty paying liability. The general rate of inheritance and gift duty is 18 per cent. of the net worth of the inheritance or gifts received by any one heir, legatee or donee. The general rate of duty on the quid pro quo transfer of property is 4 per cent..

The interest received on Securities held by credit institutions, financial enterprises, insurance companies or investment firms can be subject to Local Business Tax. Generally, in case of other tax payers, the interest received is not part of the local business tax base.

### *Withholding tax*

The legislation of withholding tax for resident entities is similar to resident private individuals, and it is regulated in the double taxation treaty.

### **Taxation of non-resident private individuals**

#### *Personal Income Tax*

**Non-resident private individual** shall mean all natural persons other than resident private individuals. The tax liability of non-resident private individuals shall apply to income that originates in Hungary as the place of gainful activity or is taxable in Hungary by virtue of international agreement or reciprocity (limited tax liability).

### **Taxation of non-resident entities**

#### *Corporate Tax and Dividend Tax*

Foreign nationals shall be deemed taxpayers, as well as non-resident entities whose head office is located abroad if they (a) carry out business operations at their branches in Hungary, provided that they are not considered resident taxpayers due to the location of their head office (**non-resident entrepreneurs**) or (b) obtain any income through the transfer or withdrawal of participating interest in a company with real estate holdings (**member of a company with real estate holdings**).

The tax liability of non-resident entrepreneurs shall apply to their income from business operations performed in their Hungarian branches (limited tax liability).

When establishing the corporate tax, resident taxpayers and non-resident entrepreneurs shall adjust the tax base so that it contains no income that is subject to taxation abroad, if so prescribed by international treaty. In other cases, resident taxpayers and non-resident entrepreneurs may deduct from the corporate tax any tax paid (or payable) abroad that is equivalent to corporate tax.

#### *Duties for non-resident tax payers*

In general the rules of duties for the non-resident individuals and entities are the same.

The rules of inheritance duty should be applied to all heritage located in Hungary. The same provisions should be applied to the movable tangible properties (Securities) inherited by a Hungarian citizen or a non-Hungarian citizen residing in Hungary or a legal entity established in Hungary, where the heritage is situated abroad if no inheritance duty or tax corresponding thereto is payable in the state in which such heritage is situated.

The provisions governing duties on gifts and transfer for consideration of property shall apply to moveable tangible properties (e.g. the Securities), unless otherwise provided for by an international agreement.

If the transfer of movable tangible property took place in Hungary, the owner of that movable tangible property should calculate with the duty paying liability, in line with the general rules mentioned regarding resident private individuals.

## **14. Taxation in the Republic of Slovenia**

*The following is a general description of certain Slovenian tax considerations relating to the Securities, based on the Issuer's understanding of the current law and its practice in Slovenia. It does not purport to be a complete analysis of all relevant tax considerations. Furthermore, it only relates to the position*

*of investors who are beneficial owners of the Securities and the interest and may not apply to certain classes of investors. Prospective purchasers of the Securities should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of the Securities and receiving payments of interest, principal and/or other amounts under the Securities. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.*

## **1. Taxation of individuals**

### **Residents and non-residents**

In accordance with the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), an individual is deemed to be a resident of Slovenia if his registered permanent address, habitual place or the centre of his personal and economic interests is in Slovenia. In addition, any person who has been present in Slovenia in a tax year for more than 183 days in the aggregate is deemed to be a resident in the tax year. Resident individuals are subject to income tax on their worldwide income. In general, all income, profits and gains are taxable, unless specifically exempt by law.

In accordance with the Personal Income Tax Act, non-residents are subject to tax on income derived from a source in Slovenia. Withholding tax is generally levied at a rate of 25%. Source taxation may be obviated or reduced pursuant to the terms of an applicable double taxation treaty, with the holder applying for a refund with the Slovenian tax authorities providing proof of eligibility.

### **Taxation of financial derivatives**

Under the Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*), capital gains from the sale or other disposition of debt securities and other financial derivatives held as non-business assets are in general exempt from taxation. Capital gains derived from the alienation of financial derivatives (as defined in the Article 7 of the Financial Instruments Market Act (*Zakon o trgu finančnih instrumentov; ZTFI*) and debt securities (except for coupon debt securities and discount debt securities) by a resident individual are taxed at the rate of 40% (in the first 12 months of holding) and 25% (in the following 4 years of holding) according to the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov; ZDDOIFI*). The tax rate is further reduced by 10 percentage points for the next 5 years of holding, so that the rate of 15% applies after 5th year of holding, and further by 5 percentage points for each following 5 years of holding so that 10% and 5% tax rate applies after the 10th and 15th year of holding, respectively. After the 20th year of holding 0% tax rate applies. Tax return must be filed by Slovenian tax resident (Individual) until 28th February for previous year. Slovenian tax residents are taxed based on the principle of worldwide income; any income - deriving from Slovenia or abroad - is subject to taxation. If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief.

### **Taxation of interest**

Under the Slovenian tax laws currently in effect, the payment of interest on the debt securities (as defined in the Article 81 of the Slovenian Personal Income Tax Act (*Zakon o dohodnini; ZDoh-2*) in accordance with their terms and conditions to a resident individual (within the meaning of the relevant provisions of *ZDoh-2*) will generally be subject to tax at a flat rate of 25%. (levied by way of withholding or by way of assessment), provided that these qualify as non-business assets. Income from a disposal or repurchase by the issuer of discounted debt securities (including non-coupon debt securities) shall also be considered as interest income (in accordance with the Article 88 of *ZDoh-2*). Tax return must be filed by Slovenian tax resident (Individual) quarterly within 15 days after quarter if finished.

Pursuant to the Article 54 of *ZDoh-2* interest on Securities issued in series held by a resident individual as business assets will generally qualify as non-business income, in which case it would be subject to the flat rate of 25% as described above, instead of the progressive tax rate of up to 50%, which generally applies to business income.



If withholding tax paid abroad, the credit may not exceed the lower of the following: a) the tax actually paid on the foreign-source income (according to the tax treaty, if applicable); and b) the tax payable on such income in Slovenia which would apply in the absence of the credit relief. However, according to EU Savings Directive (2003/48/ES), local Personal Income Tax Act (Article 141 of ZDoh-1) enables residents to make full deduction of tax paid on foreign-source interest received. If tax paid abroad exceeds tax payable in Slovenia, the tax payer will be reimbursed for the difference.

### **Taxation of dividends and capital gains**

Dividends and other profit distributions are taxed by way of a 25% final withholding tax.

In general, individuals are subject to income tax on their capital gains if derived from the disposal of immovable property, shares and other participation rights, investment coupons etc. Taxable capital gains are generally taxed at a 25% final tax rate. After five years of holding, capital gains are taxed at a 15% final tax rate. The rate is later reduced by five percentage points per each five years of holding. Consequently, any gains are exempt after a 20 year-holding. Capital gains derived from the alienation of financial derivatives are not taxed according to this rule but are taxed only as described previously under *Taxation of financial derivatives*.

### **Inheritance and gift taxation**

Individuals and private law entities (within the meaning of the Article 3 of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila; ZDDD*) are subject to Slovenian inheritance and gift tax in case of a transfer of the Securities mortis causa or inter vivos. The rate of such tax depends upon the value of the assets transferred and upon the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand. An exemption may apply in certain cases, such as to transfers between direct descendants and between spouses, as well as to a transfer of movable property the total value of which does not exceed EUR 5,000.

### **Withholding tax**

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and other incomes if such taxable income is paid by local tax payer. In other cases, tax return must be filed by individual upon receipt of such income.

### **EU Savings Directive**

EU Savings Directive has been incorporated in sub-chapter 10 of chapter 1 of part five of Slovenian Tax Procedure Act (*Zakon o davčnem postopku; ZDavP-2*) and has come into force on 1st July 2005.

For further information please refer to the paragraph below, headed *EU Savings Directive*.

### **No gross-up for taxes withheld**

Purchasers of the Securities should note that according to the Terms and Conditions neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Securities, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

### **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

For further information please refer to the paragraph below, headed *The proposed financial transactions tax*.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Slovenia.

## **2. Taxation of corporations**

Under the Slovenian tax laws currently in effect, the payment of interest on the Securities in accordance with their terms and conditions within the meaning of the relevant provisions of the Slovenian Corporate Income Tax Act (*Zakon o davku od dohodkov pravnih oseb; ZDDPO*) received by (i) a legal person resident for tax purposes in the Republic of Slovenia; or by (ii) a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for tax purposes in the Republic of Slovenia, is considered as a part of the overall taxable income. The Corporate Income Tax is levied on the net profits, defined according to the profit and loss account, as stipulated by the law and the Accounting Standards. The tax rate is 15% however, according to transitional provisions 17% tax rate applies in the year 2013, 16% tax rate applies in the year 2014, and 15% tax rate applies from the year 2015 onwards.

### **Withholding tax**

Withholding tax must be withheld at source and deducted from payments of interest, dividends, royalties, and some other payments if such payments have source in Slovenia and are paid abroad.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Slovenia in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Slovenia.

## **3. Financial Services Tax**

The subject of taxation according to Financial Services Tax Act (*Zakon o davku na finančne storitve; ZDFS*) are the following services: a) granting and negotiation of credit or loans in monetary form and the management of credit or loans in monetary form by the person who is granting the credit or the person who is granting the loan; b) issuing of credit guarantees or any other security for money and management of credit guarantees by the person who is granting the credit; c) transactions, including negotiation, concerning deposit and current or transaction accounts, payments, transfers, debts, cheques and other negotiable instruments; d) transactions, including negotiation, concerning currency, bank notes and coins used as legal tender; e) services provided by insurance brokers and agents.

A taxable person shall be any person who provides the financial services in the territory of the Republic of Slovenia. It shall be deemed that a financial service referred to in Article 3 of this Act has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a fixed establishment from which such financial service is provided or has his usual or permanent place of residence in the territory of Slovenia. It shall be also deemed that a financial service has been provided in the territory of Slovenia if it is provided by a person who has established his business or has a place of establishment from which the service is provided or has or has his usual or permanent place of residence outside Slovenia, but may, in accordance with the existing legislation, provide the financial services in the territory of Slovenia directly to clients or recipients of services who have established their business or have a place of establishment or their usual or permanent place of residence in the territory of Slovenia.

Applicable tax rate is 6,5% and is chargeable on the commission of a financial service. It shall be deemed that a financial service has been provided when a fee for the commission of the service has been paid. The fee referred to in the preceding paragraph shall exclude interest payable by a contractor of services to a taxable person for the provision of the agreed financial service when such interest does not constitute the payment of fees by a taxable person for the service provided.

## **15. Taxation in Ireland**

*The following is a summary of the Irish withholding tax treatment of the Securities. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities.*

The summary is based upon the laws of Ireland and the published practices of the Revenue Commissioners of Ireland as in effect on the date of this Base Prospectus. Prospective investors in the Securities should consult their own advisers as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Securities including, in particular, the effect of any state or local law taxes, if applicable.

### **Irish Withholding Tax**

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Securities is connected, nor are the Securities held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Securities, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Securities.

Separately, for as long as the Securities are quoted on a stock exchange, a purchaser of the Securities should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Securities.

### **Irish Encashment Tax**

Payments on any Securities paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Securities will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Securities entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

## **16. Taxation in Poland**

*The following information of certain Polish taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following information does not purport to be a comprehensive description of all the tax consequences and considerations that may be relevant to acquisition, holding, disposing and redeeming of or cancelling (as applicable) the Securities, and does not purport to deal with the tax consequences applicable to all categories of investors.*

*The following information is not intended to be, nor should it be construed to be, legal or tax advice. It is recommended that potential purchasers of the Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding, sale or redemption.*

## **Taxation of Polish resident individuals**

### *Polish resident individuals*

Individuals having their place of residence in Poland ("Polish Resident Individuals") are subject to Polish Personal Income Tax ("PIT") on their worldwide incomes irrespective of the country from which the incomes were derived.

### *Taxation of income from the disposal of Securities*

Income earned by Polish Resident Individuals on the disposal of Securities should be classified as capital gains realised on the sale of securities and as such it will not be combined with income from other sources but will be subject to the 19 per cent. flat PIT rate. The income is calculated as the difference between the revenue earned on the disposal of Securities (in principle, the selling price) and the related costs (in principle, the Issue Price). The tax is settled on an annual basis. An annual tax return should be filed by April 30 of the calendar year following the year in which the income was earned.

### *Taxation of interest under Securities*

The amount of interest under Securities earned by a Polish Resident Individual should not be combined with income from other sources and will be subject to the 19 per cent. flat PIT rate. Unless a tax remitter withholds the tax, the tax is settled by Polish Resident Individual. An annual tax return should be filed by April 30 of the calendar year following the year in which the income was earned.

## **Taxation in Poland of Polish resident entities**

### *Polish resident entities*

Entities having their seat or place of management in Poland ("Polish Resident Entities") are subject to Polish Corporate Income Tax ("CIT") on their worldwide incomes irrespective of the country from which the incomes were derived.

### *Taxation of income from the disposal of Securities*

Income earned by Polish Resident Entities on the disposal of Securities is subject to the 19 per cent. CIT rate. The income is calculated as the difference between the revenue earned on the disposal of Securities (in principle, the selling price) and the related costs (in principle, the Issue Price). Tax advances are generally paid on a monthly basis (however, some categories of CIT taxpayers may pay tax advances on a quarterly basis). The final tax reconciliation is made in the annual CIT return filed within three months of the end of the tax year.

### *Taxation of interest under Securities*

The amount of interest earned by a Polish Resident Entity under Securities is subject to the 19 per cent. CIT rate. Tax advances are generally paid on a monthly basis (however, some categories of CIT taxpayers may pay tax advances on a quarterly basis). The final tax reconciliation is made in the annual CIT return filed within 3 months of the end of the tax year.

## **Taxation in Poland of non-resident individuals and entities**

### *Taxation of income from the disposal of Securities*

Individuals and entities that are Polish non-residents will not generally be subject to Polish taxes on income resulting from the disposal of Securities unless such income is attributable to an enterprise which is either managed in Poland or carried on through a permanent establishment in Poland. However, some double tax treaties concluded by Poland may provide for a different tax treatment (for example, in case of the disposal of Securities in a real estate company). In addition, in the case of individuals resident in a country which does not have a binding double tax treaty with Poland, there may be a risk of taxation of the types of income referred to in this paragraph, in the case of the disposal/redemption/cancellation of Securities issued by a public company quoted on the Polish Stock Exchange.

### *Taxation of interest under Securities*

The interest income on the Securities paid through a Polish intermediary to non-resident investors will in principle be subject to a 20% withholding tax subject to such relief as may be available under applicable domestic and tax treaty provisions. According to current position of the tax authorities, in case of payments relating to the Securities made in favour of the individual non-residents the withholding should be collected by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. However, in case of payments made in favour of non-resident entities, withholding tax should be always collected by the Issuer.

### **EU Directive on Taxation of Savings Income**

In accordance with EC Council Directive 2003/48/EC on the taxation of savings income, Poland will provide to the tax authorities of another EU Member State (and certain non-EU countries and associated territories specified in that directive) details of payments of interest or other similar income paid by a person within Poland to, or collected by such a person for, an individual resident in such other state.

## **17. 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 occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.*

### **1. 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.

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

Specifically, as income from capital are deemed gains from dividends and profit sharing on the basis of shares in capital exceeding HRK 12,000 annually. Income tax prepayments on the basis of receipts from dividends or profit sharing on the basis of shares in capital are payable at source at the rate of 12% without recognition of personal allowance referred to in Article 36 of the Income Tax Act and non-taxable part of income referred to in Article 10 item 19 of the Income Tax Act (HRK 12,000 annually). Dividend prepayments and prepayment on profit sharing on the basis of shares in capital are taxable at source. The company, payer of dividends or shares in profit is obliged to assess, withhold and prepay 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 prepay tax within 8 days from the payment of the receipts at the tax rate of 25%. The amount of income tax paid by the resident abroad is deducted from the income tax in the domicile country unless provided for otherwise by the double tax agreement or multilateral international treaties and agreements. The tax amount paid abroad may be deducted only if it corresponds to the domicile income tax, in which case it is deducted up to the amount of the assessed domicile tax for income earned abroad. The tax paid by the resident abroad may be deducted from the annual assessment of tax on the basis of a tax return filed to the tax authority, on the basis of a foreign tax authority's confirmation of the tax paid abroad. The amounts of income and tax paid abroad are converted into HRK by applying the mean exchange rate of the Croatian National Bank on tax payment date.

If domicile payers pay receipts to non-residents having their place of residence or habitual abode in the countries with which the Republic of Croatia applies a double taxation treaty (residents of treaty countries) then the domicile payers of receipts are obliged to assess, withhold and pay income tax simultaneously with the payment of income in conformity with the provisions of the treaty if the residents of the treaty countries provided to them the required forms duly completed prior to the payment of income.

### **EU Savings Directive**

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

## **No gross-up for taxes withheld**

Purchasers of the Securities should note that according to the Terms and Conditions neither the Issuer nor any other person will assume any liability for taxes withheld from payments under the Securities, nor make any additional payments in regard of these taxes, i.e. no gross-up will apply if a withholding tax is imposed.

## **EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax which might have a negative impact on the receipts deriving from the Securities.

## **Other Taxes**

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

## **2. 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. tax obligor is also 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. tax obligor is also an entrepreneur-natural person, receiving income from trade and operations comparable to trade:
  - if the total turnover in the previous tax period exceeded HRK 2,000,000, or
  - 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.

Withholding tax obligors are payers of interests, 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 a non-

EU Member State in which a general or average nominal corporate (profit) tax rate is less than 12.5% and the state is listed in the List of States passed by the finance minister.

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 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 20% and withholding tax rate 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 a non-EU Member State in which a general or average nominal corporate (profit) tax rate is less than 12.5% and the state is listed in the List of States passed by the finance minister.

From the admission of the Republic of Croatia to the European Union the withholding tax for dividends and shares in profit is not payable if dividends or shares in profit are paid to companies having a form to which applies a consolidated taxation system which applies to parent companies and affiliated companies from different EU Member States provided that the relevant recipient of dividends or shares in profit holds in an uninterrupted period of 24 months at least 10% share in the capital of the company that pays dividends or shares in profit.

#### **Other Taxes**

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

### **18. EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident or certain limited types of entity established in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

### **19. EU Financial Transaction Tax**

On the European Union level negotiations are underway in order to implement a harmonized financial transaction tax ("**EU Financial Transaction Tax**") by way of the so-called enhanced cooperation procedures. Eleven Member States participate in this legislation procedures ("**Participating Member State**") among which are, inter alia, Germany, Spain, France, Italy and Portugal. The European Commission (the "**Commission**") published a formal proposal for a Council Directive implementing enhanced cooperation in the area of EU Financial Transaction Tax ("**Directive**"). Pursuant to such Directive, Participating Member States are entitled to apply a EU Financial Transaction Tax to all financial transactions as of 1 January 2014 on the condition that (i) at least one party to the financial transaction is established in the territory of a Participating Member State and (ii) that a financial institution established in the territory of a Participating Member State is party to such transaction, acting either for its own account or for the account of another person, or is acting in the name of a party



to the transaction. The scope of the Directive is very broad so that EU Financial Transaction Tax might also be levied in case none of the financial institution is established in the territory of a Participating Member State but the financial instrument has been issued within the territory of a Participating Member State. In such case, both of the parties to the transaction are deemed to be established in the Participating Member State in which the financial instrument has been issued. Receipts from Securities may be lowered by the application of the EU Financial Transaction Tax if the above conditions are met.

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

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

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

The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. Holders of Securities should consult their own tax advisers on how these rules may apply to payments they receive under the Securities.

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

## **21. U.S. Dividend Equivalent Withholding Tax**

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

## GENERAL INFORMATION

### (1) Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 11 March 2013. For the issue of any Series of Certificates under the Programme no separate resolution of the Board of Directors of the Issuer is necessary.

### (2) Listing, Approval and Admission to Trading

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

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

### (3) Programme Size

The aggregate nominal amount of Certificates outstanding from time to time will not exceed € 3,000,000,000.

### (4) Documents Available

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

- (i) the constitutional documents of the Issuer;
- (ii) the audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 2011 and the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 2011;
- (iii) the most recently published audited annual consolidated and non-consolidated financial statements and the most recently published unaudited semi-annual consolidated and non-consolidated financial statements (if any) of the Issuer;
- (iv) the Agency Agreement and the forms of the Global Securities;
- (v) a copy of this Base Prospectus;
- (vi) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the relevant Security Agent as to its holding of Securities and identity) and any other documents incorporated herein or therein by reference; and

- (vii) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

A copy of this Base Prospectus (and the information incorporated by reference therein) and any Final Terms that are listed on the Irish Stock Exchange will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) and of the Issuer (<http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html>). Any Final Terms that are not listed on the Irish Stock Exchange but which relate to a Security which is offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published on the website of the Issuer only.

**(5) Clearing Systems**

Securities to be represented by a Global Security have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code and ISIN for each issue of Securities allocated by Euroclear and Clearstream, Luxembourg, as applicable, will be specified in the applicable Final Terms. If the Securities of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**(6) Conditions for determining price**

The price and amounts of Securities to be issued under the Programme will be determined by the Issuer and any Manager(s) at the time of issue in accordance with prevailing market conditions.

**(7) Significant or Material Adverse Change**

There has been no significant change in the financial or trading position of the Issuer since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.

**(8) Litigation**

Save as disclosed in this Base Prospectus under "*Description of the Issuer – Legal and Arbitration Proceedings*", the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

**(9) Post-issuance Information**

Save as set out in 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).

**(10) External Auditors**

Reconta Ernst and Young S.p.A., with registered office at Via G. D. Romagnosi 18/A, 00196 Rome, was appointed by the Issuer as its independent auditor to audit its financial statements for the period 2007-2011. Reconta Ernst & Young S.p.A. is a member of *Assirevi-Associazione Nazionale Revisori Contabili*, the Italian association of auditing firms. Reconta Ernst & Young S.p.A. audited the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2011, which are incorporated by reference in this Base Prospectus.

KPMG S.p.A., with registered office at Via V. Pisani, 25, 20121 Milan, was appointed by the Issuer as its independent auditor to audit its financial statements for the period 2012-2020. KPMG S.p.A. is a member of *Assirevi-Associazione Nazionale Revisori Contabili*, the Italian association of auditing firms. KPMG S.p.A. audited the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2012, which are incorporated by reference in this Base Prospectus.

**THE ISSUER**

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

Largo Mattioli, 3  
20121 Milan

**PRINCIPAL SECURITY AND LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

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Howald-Hesperange  
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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*

**Hogan Lovells**

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