

## FINAL TERMS

29 January 2018

### BANCA IMI S.P.A.

#### STANDARD LONG BARRIER PLUS CERTIFICATES on BNP Paribas SA Share due 01.02.2021

#### under the Warrants and Certificates Programme

#### 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 15 June 2017. This document constitutes the Final Terms of the Securities described herein and must be read in conjunction with 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 Principal Security Agent. The Base Prospectus has been published on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Issuer (<https://www.bancaimi.prodottiquotazioni.com/EN/Legal-Documents>). A summary of the Securities (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. In the case of the Securities admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms will be published on the website of the Luxembourg Stock Exchange.

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.

*By investing in the Securities each investor represents that:*

- (a) *Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Securities and as to whether the investment in the Securities is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer as investment advice or as a recommendation to invest in the Securities, it being understood that information and explanations related to the terms and conditions of the Securities shall not be considered to be investment advice or a recommendation to invest in the Securities. No communication (written or oral) received from the Issuer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Securities.*
- (b) *Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Securities. It is also capable of assuming, and assumes, the risks of the investment in the Securities.*
- (c) *Status of Parties. The Issuer is not acting as a fiduciary for or adviser to it in respect of the investment in the Securities.*

1. Specific provisions for each Series:

	<b>Series Number</b>	<b>No. of Securities issued</b>	<b>Issue price per Security</b>
	298	Up to 100	EUR 100,000
2.	Tranche Number:	Not applicable	
3.	Minimum Exercise Amount:	1 (one) Certificate	
4.	Minimum Trading Amount:	1 (one) Certificate	
5.	Consolidation:	Not applicable	
6.	Type of Securities and underlying asset:	<p>(a) The Securities are Certificates. The Certificates are Share Securities.</p> <p>(b) The item to which the Securities relate is the BNP Paribas SA share (ISIN Code: FR0000131104; Bloomberg Code: BNP FP &lt;Equity&gt;) (the "<b>Underlying</b>" or the "<b>Share</b>").</p>	
7.	Typology:	Standard Long Certificates	
8.	(i) Exercise Date:	The Exercise Date of the Securities is 1 February 2021.	
	(ii) Renouncement Notice Cut-off Time:	Equal to the Valuation Date.	
9.	Settlement Date:	<p>The Settlement Date for the Securities is 1 February 2021.</p> <p>If, on the Valuation Date a Market Disruption Event occurs, the Settlement Date will be postponed accordingly. Such Settlement Date shall not, in any case, be postponed beyond the tenth Business Day following the Valuation Date.</p>	
10.	Delivery Date:	The Delivery Date for the Securities is 1 February 2018.	
11.	Issue Date:	The Issue Date is 1 February 2018.	
12.	Issue Currency:	The Issue Currency is Euro (" <b>EUR</b> ").	
13.	Discount Price	Not applicable.	
14.	Purchase Price:	Not applicable.	
15.	Business Day Centre(s):	The applicable Business Day Centre for the purposes of the definition of "Business Day" in Condition 3 is Milan.	
16.	Settlement Business Day:	Not applicable.	
17.	Settlement:	Settlement will be by way of cash payment ( <b>Cash Settled Securities</b> ).	
18.	Exchange Rate:	Not applicable.	
19.	Settlement Currency:	The Settlement Currency for the payment of the Cash Settlement	

Amount is EUR.

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|-----|--|---|
| 20. | Name and address of Calculation Agent: | The Calculation Agent is Banca IMI S.p.A., with registered office at Largo Mattioli 3, 20121 Milan.   |
| 21. | Exchange(s):                           | For the purposes of Condition 3 and Condition 15 the relevant Exchange is Euronext Paris.   |
| 22. | Reference Source:                      | The relevant Reference Source is Euronext Paris.  |
| 23. | Related Exchange(s):                   | For the purposes of Condition 15, the relevant Related Exchange is EUREX.   |
| 24. | Rollover Date:                         | Not applicable  |
| 25. | Open End Feature:                      | Not applicable  |
| 26. | Put Option:                            | Not applicable  |
| 27. | Call Option:                           | Not applicable  |
| 28. | Maximum Level:                         | Not applicable  |
| 29. | Minimum Level:                         | Not applicable  |
| 30. | Multiplier:                            | The Multiplier to be applied is equal to the Issue Price divided by the Initial Reference Value.  |
| 31. | Relevant Asset(s):                     | Not applicable  |
| 32. | Entitlement:                           | Not applicable  |
| 33. | AMF Percentage:                        | Not applicable  |
|     | VMF Percentage:                        | Not applicable  |
| 34. | Cash Settlement Amount:                | Per each Certificate, an amount in the Settlement Currency calculated by the Calculation Agent in accordance with the following formula and rounding the resultant figure to nearest EUR cent, 0.005 EUR being rounded upwards: |

**A. If the Final Reference Value is higher than, or equal to, the Barrier Level (i.e. the Barrier Event has not occurred):**

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

**B. If the Final Reference Value is lower than the Barrier Level (i.e. the Barrier Event has occurred):**

*(Final Reference Value x Multiplier) x Minimum Exercise Amount*

- |     |               |                |
|-----|---------------|----------------|
| 35. | Strike Price: | Not applicable |
|-----|---------------|----------------|

36.	Conversion Rate:	Not applicable
37.	Underlying Reference Currency:	The Underlying Reference Currency is EUR.
38.	Quanto Option:	Not applicable.
39.	Determination Date(s):	1 February 2018
40.	Valuation Date(s):	28 January 2021
41.	Intraday Value:	Not applicable
42.	Reference Value:	For the purposes of the Barrier Event the Reference Value will be equal to the Final Reference Value.
43.	Initial Reference Value:	The Initial Reference Value will be calculated on the Determination Date and is an amount equal to the closing price of the Share resulting from the listing made by the Reference Source on such date.
	Initial Reference Value Determination Period(s):	Not applicable
	Initial Calculation Date:	Not applicable
44.	Final Reference Value:	The Final Reference Value will be calculated on the Valuation Date and will be an amount equal to the closing price of the Share resulting from the listing made by the Reference Source on such date.
	Final Reference Value Determination Period(s):	Not applicable
	Expected Final Calculation Date:	Not applicable
45.	Best Of Feature:	Not applicable
46.	Worst Of Feature:	Not applicable
47.	Rainbow Feature:	Not applicable

#### **PROVISIONS RELATING TO CERTIFICATES**

Applicable

48.	Performance Cap:	Not applicable
	Performance Floor:	Not applicable
	Performance Participation Factor:	Not applicable
49.	Initial Percentage:	104.50%
50.	Participation Factor:	Not applicable
51.	Down Participation Factor:	Not applicable

52.	Up Participation Factor:	Not applicable
53.	Initial Leverage:	Not applicable
54.	Barrier Event:	Applicable. The Barrier Event will occur when the Calculation Agent determines that, on the Barrier Event Determination Period, the Final Reference Value is lower than the Barrier Level.
	Barrier Event Determination Period(s):	28 January 2021
	Barrier Level:	The Barrier Level is equal to 65% of the Initial Reference Value.
	Barrier Selection Period:	Not applicable
	Strike Observation Period:	Not applicable
	Air Bag Factor:	Not applicable
	Protection Level:	Not applicable
	Protection Percentage:	Not applicable
	Spread Protection:	Not applicable
	Protection Amount:	Not applicable
	Dropdown Protection Level:	Not applicable
	Dynamic Protection Level:	Not applicable
	Step Up Amount:	Not applicable
	Sigma Amount:	Not applicable
	Predetermined Loss Percentage:	Not applicable
	Short Protection:	Not applicable
55.	Barrier Gap Event:	Not applicable
56.	Cap Level:	Not applicable
57.	Cap Barrier Amount:	Not Applicable
58.	Cap Down Amount:	Not Applicable
59.	Strike Percentage:	Not applicable
60.	Switch Event:	Not applicable
61.	Spread:	Not applicable
62.	Gearing Event:	Not applicable

63.	Buffer Event:	Not applicable
64.	Global Performance:	Not applicable
65.	Failure to Deliver due to Illiquidity:	Not applicable
66.	Digital Percentage:	Not applicable
67.	Settlement Level:	Not applicable

#### **PROVISIONS RELATING TO REMUNERATION AMOUNTS AND EARLY REDEMPTION AMOUNTS**

68.	Knock-out Feature:	Not applicable
69.	Knock-in Feature:	Not applicable
70.	Digital Amount(s):	Not applicable
71.	Restrike Feature:	Not applicable
72.	Plus Amount(s):	Applicable. The Securityholders are entitled to receive the unconditional payment of the Plus Amount, equal to EUR 4,500 on each Plus Payment Date.
	Plus Payment Date(s):	1 February 2019 and 3 February 2020.
73.	Accumulated Amount(s):	Not applicable
74.	Early Redemption Amount(s):	Not applicable
75.	Early Partial Capital Payment Amount:	Not applicable
76.	Coupon Event:	Not applicable
77.	Internal Return Amount:	Not applicable
78.	Participation Remuneration Amount:	Not applicable
79.	Participation Rebate Feature:	Not applicable
80.	Floating Amount:	Not applicable
81.	Premium Gap Amount:	Not applicable

#### **PROVISIONS RELATING TO WARRANTS**

Not applicable.

82.	Type of Warrants:	Not applicable
83.	Notional Amount:	Not applicable
84.	Exercise Price:	Not applicable

85.	Premium:	Not applicable
86.	Strike Percentage:	Not applicable
87.	Exercise Period:	Not applicable
88.	Maximum Exercise Number:	Not applicable
89.	Settlement Determination Period:	Not applicable
90.	Settlement Determination Date:	Not applicable

## GENERAL

91.	Form of Securities:	Bearer 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.
92.	Prohibition of Sales to EEA Retail Investors:	Not Applicable

## DISTRIBUTION

93.	Syndication:	The Securities will be distributed on a non-syndicated basis.
(i)	If syndicated, names and addresses of Managers and underwriting commitments:	Not applicable.
(ii)	Date of Subscription Agreement:	Not applicable.
(iii)	Stabilising Manager (if any):	Not applicable
	If non-syndicated, name and address of Manager (if not the Issuer):	<b>Intesa Sanpaolo Private Banking S.p.A.</b> , with registered office at Via Hoepli, 10 – 20121 Milano, Italy (the " <b>Manager</b> ").
	Total commission, concession and other costs:	The Offer Price embeds a commission payable to the Manager equal to 2.50 per cent. of the Issue Price in respect of the aggregate Securities placed.

## ADDITIONAL INFORMATION

Example(s) of complex derivatives securities: Not applicable

Signed on behalf of the Issuer:

By: .....

*Duly authorised*

## **PART B – OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

- (i) Listing: None
- (ii) Admission to trading: Application has been made for the Securities to be admitted to trading on the Italian multilateral trading facility EuroTLX, which is not a regulated market for the purposes of Directive 2014/65/EU with effect from a date after the Issue Date.

### **2. NOTIFICATION**

The CSSF has provided the Commissione Nazionale per le Società e la Borsa (CONSOB) 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**

Banca IMI S.p.A., the issuer of the Securities, is part of the Intesa Sanpaolo group, to which the Manager belongs, therefore participation relationships of the Manager with the Issuer, either directly or indirectly through the parent company Intesa Sanpaolo, result in a conflict of interest.

The Issuer is expected to enter into hedging arrangements with market counterparties in connection with the issue of the Securities in order to hedge its exposure.

The Issuer will act as Calculation Agent under the Securities. See the risk factor “Potential Conflicts of Interest” at page 72 of the Base Prospectus.

Banca IMI is a shareholder of EuroTLX SIM S.p.A. who manages the multilateral trading facility EuroTLX on which application for the trading of the Securities thereof has been made by the Issuer.

Save as discussed above and save for any fees payable to the Manager referred to in item 93 of Part A above, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the Offer.

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: See "Use of Proceeds" wording in Base Prospectus.
- (ii) Estimated net proceeds: The net proceeds (resulting from subtracting the commissions referred to in item 93 of Part A, from the aggregate Issue Price paid by the Securityholders) of the issue of the Securities will be up to EUR 9,750,000.



(iii) Estimated total expenses: Not applicable.

## 5. TERMS AND CONDITIONS OF THE OFFER

Applicable

Public Offer Jurisdiction(s)

An exempt offer pursuant to Article 3(2) of the Prospectus Directive (the “**Offer**”) of the Securities may be made by the Manager in the Republic of Italy.

Offer Price:

Issue Price

Investors should take into consideration that the Offer Price embeds placement commissions payable by the Issuer to the Manager as described in Paragraph 93 of Part A above.

Investors should also take into consideration that when the Securities are sold on the secondary market after the Offer Period, the above mentioned commissions are not taken into consideration in determining the price at which such Securities may be sold on the secondary market.

Conditions to which the offer is subject:

Offer of the Securities is conditional on their issue and on the release by the Italian multilateral trading facility EuroTLX or other trading venues, before the Issue Date, of the relevant authorisation to the admission to trading of the Securities.

The Offer Period, including any possible amendments, during which the offer will be open and description of the application process:

The Offer of the Securities may be made by the Manager on 30 January 2018 (the offer period, as it may be amended in case of early closure or extension of the Offer, the “**Offer Period**”).

The Issuer reserves the right, in its sole discretion, to close the Offer Period early, also in circumstances where purchases of Securities are not yet equal to the maximum amount offered of 100 Securities. Notice of the early closure of the Offer Period will be given by the Issuer to the Manager.

The Issuer reserves the right, in its sole discretion, to revoke or withdraw the Offer and the issue of the Securities at any time prior to the Issue Date. Notice of revocation/withdrawal of the Offer will be given by the Issuer to the Manager. Upon revocation/withdrawal of the Offer, all subscription applications will become void and of no effect.

The Issuer reserves the right to postpone the closure of the Offer Period, in order to extend the Offer

Period. Notice of the postponement of the closure of the Offer Period will be given by the Issuer to the Manager.

During the Offer Period, prospective investors may subscribe the Securities during normal Italian banking hours at the offices (*filiali*) of the Manager by filling in, duly executing (also by appropriate attorneys) and delivering a specific acceptance form (the "**Acceptance Form**") (*Scheda di Adesione*).

The Acceptance Form is available at the Manager's office.

Subscription of the Securities may not be made by means of financial advisors authorised to make off-premises offers (*consulenti finanziari abilitati all'offerta fuori sede*).

Subscription of the Securities may not be made by means of distance communication techniques.

There is no limit to the subscription application which may be filled in and delivered by the same prospective investor to the Manager.

The subscription requests can be revoked by the potential investors through a specific request made at the office of the Manager within the last day of the Offer Period as amended in the event of an early closure or an extension of the Offer Period.

Once the revocation terms are expired, the subscription of the Securities is irrevocable.

Details of the minimum and/or maximum amount of application:

The Securities may be subscribed in a minimum lot of no. 1 Security (the "**Minimum Exercise Amount**") and an integral number of Securities higher than the Minimum Exercise Amount and being an integral multiple of 1.

There is no maximum amount of application within the maximum number of Securities offered of 100 Securities.

The Issuer reserves the right to increase, during the Offer Period, the maximum amount of Securities offered. Notice of the increase will be given by the Issuer to the Manager.

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

Not Applicable

Details of the method and time limits for paying up and delivering the Securities:	<p>The total consideration for the Securities subscribed must be made by the investor on the Issue Date to the Manager's office which has received the relevant subscription form.</p> <p>The Securities will be delivered on the Issue Date, subsequent to the payment of the Offer Price, to potential Securityholders in the deposit accounts held, directly or indirectly, by the Manager at Euroclear and/or Clearstream.</p>
Manner in and date on which results of the offer are to be made public:	Not Applicable
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
Whether tranche(s) have been reserved for certain countries:	<p>The Securities will be offered to the public only in Italy.</p> <p>Qualified investors, as defined in Article 2 (i) (e) of the Prospectus Directive, are allowed to subscribe any Securities.</p>
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	<p>The Manager shall notify applicants with amounts allotted.</p> <p>Subscription applications will be satisfied until reaching the maximum number of Securities offered of 100 Securities and thereafter the Manager will immediately suspend receipt of further subscription applications and the Offer Period will be closed early by the Issuer.</p> <p>Upon the close of the Offer Period, in the event that, notwithstanding the above, the aggregate amount of Securities requested to be subscribed exceed the maximum number of Securities offered of 100 Securities, the Issuer will allot the Securities in accordance with allotment criteria so to assure transparency and equal treatment amongst all potential subscribers thereof.</p>
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	<p>No expenses and duties will be charged by the Issuer to the subscribers of the Securities.</p> <p>Investors should take into consideration that the Offer Price embeds placement commissions payable by the Issuer to the Manager as described in Paragraph 93 of Part A.</p>

Consent to use of Base Prospectus: Not applicable.

## 6. 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:  | See paragraph 93 of Part A.   |
| (ii)  | Name and address of the co-ordinator(s) of the global offer and of single parts of the offer:  | Not applicable.   |
| (iii) | Name and address of any paying agents and depository agents in each country (in addition to the Principal Security Agent):   | Not applicable.   |
| (iv)  | Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements: | The Issuer and the Manager have agreed under a placement agreement (the " <b>Placement Agreement</b> ") that the Manager will place the Securities without a firm commitment. |
| (v)   | Date of signing of the placement agreement   | The Placement Agreement will be dated on or about 29 January 2018.  |

## 7. POST-ISSUANCE INFORMATION

The Issuer does not intend to provide any post-issuance information in relation to the Underlying and performance thereof and/or the market value from time to time of the Securities and/or any other post-issuance information in relation to the Securities, unless required by applicable law or save as otherwise provided in the Conditions.

## 8. OPERATIONAL INFORMATION

- |       |   |  |
|-------|---|--|
| (i)   | ISIN Code:  | XS1761544110   |
| (ii)  | Common Code:  | 176154411  |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> , relevant address(es), and relevant identification number(s): | Not Applicable   |
| (iv)  | Names and addresses of initial Security Agents:   | BNP Paribas Securities Services, Luxembourg branch<br>60, avenue J.F. Kennedy<br>Luxembourg<br>L – 2085 Luxembourg |

## PART C – SUMMARY OF THE SECURITIES

Section A – INTRODUCTION AND WARNINGS		
A.1	<p>This summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Securities should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>	
A.2	Not Applicable – The Issuer does not consent to the use of the Base Prospectus for subsequent resales.	
Section B – ISSUERS AND GUARANTOR		
B.1	Legal and Commercial Name of the Issuer	Banca IMI S.p.A..
B.2	Domicile/ Legal Form/ Legislation/ Country of Incorporation	<p>Domicile: Largo Mattioli 3, 20121 Milan, Italy.</p> <p>Legal form: Public limited liability company (<i>società per azioni</i>).</p> <p>Legislation under which the Issuer operates: Italian law.</p> <p>Country of incorporation: Italy.</p>
B.4b	Description of trends	<u>Not applicable</u> . There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.
B.5	Description of the group of the Issuer	<p>The Issuer is a company belonging to the Intesa Sanpaolo banking group (the "<b>Intesa Sanpaolo Group</b>"), of which Intesa Sanpaolo S.p.A. is the parent company.</p> <p>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.</p> <p>The Issuer is the investment banking arm and securities firm of the Intesa Sanpaolo Group.</p>
B.9	Profit forecast/estimate	<u>Not applicable</u> . No profit forecasts or estimates have been made in the Base Prospectus.
B.10	Qualifications in the audit report	<u>Not applicable</u> . No qualifications are contained in any audit report included in the Base Prospectus.

<b>B.12</b>	<b>Selected historical key information</b>	<p><b>SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER</b></p> <p>The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2015 and 2016 have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's consolidated financial statements in respect of those dates and periods:</p> <table border="1"> <thead> <tr> <th colspan="3"><i>Audited Consolidated Balance Sheets for the year ending 31 December 2016 compared with corresponding figures for the year ending 31 December 2015</i></th></tr> <tr> <th><b>Assets</b></th><th><b>31 December 2016</b></th><th><b>31 December 2015</b></th></tr> <tr> <td></td><td colspan="2"><i>(EUR thousand)</i></td></tr> </thead> <tbody> <tr><td>Cash and cash equivalents</td><td>3</td><td>4</td></tr> <tr><td>Financial assets held for trading</td><td>53,477,591</td><td>56,954,580</td></tr> <tr><td>Available-for-sale financial assets</td><td>14,693,865</td><td>11,643,236</td></tr> <tr><td>Due from banks</td><td>53,305,542</td><td>60,923,615</td></tr> <tr><td>Loans to customers</td><td>27,798,310</td><td>23,353,892</td></tr> <tr><td>Hedging derivatives</td><td>154,440</td><td>203,228</td></tr> <tr><td>Equity investments</td><td>19,560</td><td>13,324</td></tr> <tr><td>Property and equipment</td><td>848</td><td>878</td></tr> <tr><td>Intangible assets</td><td>285</td><td>287</td></tr> <tr><td>Tax assets</td><td>489,371</td><td>502,230</td></tr> <tr><td><i>a) current</i></td><td>251,068</td><td>292,543</td></tr> <tr><td><i>b) deferred</i></td><td>238,303</td><td>209,687</td></tr> <tr><td>Other assets</td><td>467,011</td><td>445,523</td></tr> <tr><td><b>Total Assets</b></td><td><b>150,406,826</b></td><td><b>154,040,797</b></td></tr> <tr><td colspan="3"></td></tr> <tr> <th><b>Liabilities and Equity</b></th><th><b>31 December 2016</b></th><th><b>31 December 2015</b></th></tr> <tr> <td></td><td colspan="2"><i>(EUR thousand)</i></td></tr> <tr><td>Due to banks</td><td>60,716,591</td><td>68,073,695</td></tr> <tr><td>Due to customers</td><td>18,989,914</td><td>16,026,878</td></tr> <tr><td>Securities issued</td><td>11,282,639</td><td>13,866,789</td></tr> <tr><td>Financial liabilities held for trading</td><td>53,551,620</td><td>51,653,544</td></tr> <tr><td>Financial liabilities at fair value through profit and loss</td><td>-</td><td>-</td></tr> <tr><td>Hedging derivatives</td><td>196,639</td><td>164,568</td></tr> <tr><td>Tax liabilities</td><td>424,563</td><td>342,293</td></tr> <tr><td><i>a) current</i></td><td>410,436</td><td>325,988</td></tr> <tr><td><i>b) deferred</i></td><td>14,127</td><td>16,305</td></tr> <tr><td>Other liabilities</td><td>450,312</td><td>587,215</td></tr> <tr><td>Post-employment benefits</td><td>9,178</td><td>8,743</td></tr> <tr><td>Provisions for risks and charges</td><td>30,387</td><td>24,074</td></tr> <tr><td><i>a) pensions and similar obligations</i></td><td>12</td><td>12</td></tr> <tr><td><i>b) other provisions</i></td><td>30,375</td><td>24,062</td></tr> <tr><td>Fair value reserves</td><td>(131,153)</td><td>(50,076)</td></tr> <tr><td>Equity Instruments</td><td>1,000,000</td><td>-</td></tr> <tr><td>Reserves</td><td>1,600,694</td><td>1,573,629</td></tr> <tr><td>Interim dividends</td><td>-</td><td>(307,988)</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> <tr><td>Profit for the year</td><td>741,718</td><td>533,715</td></tr> <tr><td><b>Total Liabilities and Equity</b></td><td><b>150,406,826</b></td><td><b>154,040,797</b></td></tr> </tbody> </table> <p><i>Audited Consolidated Income Statements for the year ending 31 December 2016 compared with corresponding figures for the year ending 31 December 2015</i></p>	<i>Audited Consolidated Balance Sheets for the year ending 31 December 2016 compared with corresponding figures for the year ending 31 December 2015</i>			<b>Assets</b>	<b>31 December 2016</b>	<b>31 December 2015</b>		<i>(EUR thousand)</i>		Cash and cash equivalents	3	4	Financial assets held for trading	53,477,591	56,954,580	Available-for-sale financial assets	14,693,865	11,643,236	Due from banks	53,305,542	60,923,615	Loans to customers	27,798,310	23,353,892	Hedging derivatives	154,440	203,228	Equity investments	19,560	13,324	Property and equipment	848	878	Intangible assets	285	287	Tax assets	489,371	502,230	<i>a) current</i>	251,068	292,543	<i>b) deferred</i>	238,303	209,687	Other assets	467,011	445,523	<b>Total Assets</b>	<b>150,406,826</b>	<b>154,040,797</b>				<b>Liabilities and Equity</b>	<b>31 December 2016</b>	<b>31 December 2015</b>		<i>(EUR thousand)</i>		Due to banks	60,716,591	68,073,695	Due to customers	18,989,914	16,026,878	Securities issued	11,282,639	13,866,789	Financial liabilities held for trading	53,551,620	51,653,544	Financial liabilities at fair value through profit and loss	-	-	Hedging derivatives	196,639	164,568	Tax liabilities	424,563	342,293	<i>a) current</i>	410,436	325,988	<i>b) deferred</i>	14,127	16,305	Other liabilities	450,312	587,215	Post-employment benefits	9,178	8,743	Provisions for risks and charges	30,387	24,074	<i>a) pensions and similar obligations</i>	12	12	<i>b) other provisions</i>	30,375	24,062	Fair value reserves	(131,153)	(50,076)	Equity Instruments	1,000,000	-	Reserves	1,600,694	1,573,629	Interim dividends	-	(307,988)	Share premium reserve	581,260	581,260	Share capital	962,464	962,464	Equity attributable to non-controlling interests (+/-)	-	-	Profit for the year	741,718	533,715	<b>Total Liabilities and Equity</b>	<b>150,406,826</b>	<b>154,040,797</b>
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		<b>31 December 2016</b> <i>(EUR thousand)</i>	<b>31 December 2015</b>
		Interest and similar income 1,337,482 Interest and similar expense (801,338) Net interest income 536,144 Fee and commission income 599,097 Fee and commission expense (217,026) Net fee and commission income 382,071 Dividends and similar income 38,035 Profits (Losses) on trading 554,800 Profit (Losses) on hedging (425) Profits (Losses) on disposal or repurchase of: 150,754 a) <i>loans and receivables</i> 1,481 b) <i>available-for-sale financial assets</i> 170,072 c) <i>held-to-maturity investments</i> - d) <i>financial liabilities</i> (20,799) Total income 1,661,379 Impairment losses/reversal of (2,249) impairment losses on: a) <i>loans and receivables</i> (8,572) b) <i>available-for-sale financial assets</i> (1,618) c) <i>held-to-maturity investments</i> - d) <i>other financial assets</i> 7,941 Net financial income 1,659,130 Net banking and insurance income 1,659,130 Administrative expenses (574,278) a) <i>personnel expenses</i> (166,029) b) <i>other administrative expenses</i> (408,249) Net accruals to provision for risks and charges (8,118) Depreciation and net impairment losses on property and equipment (346) Amortisation and net impairment losses on intangible assets (78) Other operating income (expenses) 8,224 Operating expenses (574,596) Net gains on sales of equity investments 30,506 Pre-tax profit from continuing operations 1,115,040 Income tax expense (373,322) Post-tax profit from continuing operations 741,718 Profit for the year 741,718 Profit (loss) attributable to non-controlling interests - <b>Profit attributable to the owners of the parent 741,718</b>	1,470,106 (891,695) 578,411 488,754 (230,529) 258,225 41,092 328,785 7,797 184,890 (34,912) 274,519 - (54,717) 1,399,200 2,942 (421) (5,850) - 9,213 1,402,142 1,402,142 (595,882) (162,051) (433,831) 1,700 (475) (73) 3,204 (591,526) 6,840 817,456 (283,741) 533,715 533,715 - <b>533,715</b>
	<b>No material adverse change statement</b>	There has been no significant change in the financial or trading position of the Issuer since 31 December 2016.	
	<b>Significant changes in the</b>	<u>Not applicable.</u> There has been no material adverse change in the prospects of the Issuer since 31 December 2016.	

	<b>financial or trading position</b>	
<b>B.13</b>	<b>Recent events impacting the Issuer's solvency</b>	Not applicable. There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
<b>B.14</b>	<b>Issuer dependent upon other entities within the group</b>	The Issuer is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A., which is the parent company of the Intesa Sanpaolo banking group, to which the Issuer belongs.
<b>B.15</b>	<b>Description of the principal activities of the Issuer</b>	The Issuer is a banking institution engaged in investment banking activities. The Issuer offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into three business divisions: <i>Global Markets</i> , <i>Investment Banking</i> and <i>Structured Finance</i> .
<b>B.16</b>	<b>Control of Issuer</b>	The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.
<b>Section C – SECURITIES</b>		
<b>C.1</b>	<b>Type and class of securities being offered / Security identification number</b>	The Securities are Certificates. The Securities are issued in bearer form (" <b>Bearer Securities</b> "). The Certificates are cash settled. The ISIN of the Certificates is XS1761544110.
<b>C.2</b>	<b>Currency</b>	The Securities are issued in EUR (the " <b>Issue Currency</b> "). The Settlement Currency is EUR.
<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, the European Economic Area (including Luxembourg, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Hellenic Republic, Hungary, Ireland, Malta, Netherlands, Poland, Portuguese Republic, Republic of Italy, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom) and Switzerland.
<b>C.8</b>	<b>Description of rights and ranking</b>	Each Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount, where positive.  The Certificates provide also for the Remuneration Amount specified at Element C.18 below.  The Certificates constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and, unless provided otherwise by law, rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.  The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and shall be construed in accordance with, English Law.
<b>C.11</b>	<b>Admission to trading of Securities</b>	Application has been made by the Issuer (or on its behalf) for the Securities to be admitted to trading on the Italian multilateral trading facility EuroTLX, which is not a regulated market for the purposes of Directive 2014/65/EU with effect from a date after the Issue Date.
<b>C.15</b>	<b>Description of how the value of the investment is affected by the value of the</b>	Underlying means the BNP Paribas SA share (ISIN Code: FR0000131104; Bloomberg Code: BNP FP <Equity>) (the " <b>Share</b> " or the " <b>Underlying</b> ").  In particular, the Securities are linked to the performance of the Underlying and their value depends also on the volatility of such Underlying, the applicable interest rates, the time from the Issue Date.



	<b>underlying instrument</b>	
C.16	<b>The expiration or maturity date of the derivative securities – the exercise date or final reference date</b>	<p><u>Exercise Date</u> Each Certificate shall be automatically exercised on the Exercise Date. The Exercise Date is 1 February 2021.</p> <p><u>Valuation Date</u> The Valuation Date of the Securities is 28 January 2021.</p> <p><u>Settlement Date</u> The Settlement Date of the Securities is 1 February 2021.</p>
C.17	<b>Settlement procedure</b>	The Issuer shall pay or cause to be paid the Cash Settlement Amount (if any) for each Security by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the Settlement Date, less any Expenses not already paid, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Securities must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each such payment.
C.18	<b>Description of how the return on derivative securities takes place</b>	<p>The Certificates have an issue price equal to EUR 100,000 (the "<b>Issue Price</b>").</p> <p style="text-align: center;"><b>REMUNERATION AMOUNT</b></p> <p>The Certificates provide for the following remuneration amount.</p> <p style="text-align: center;"><b>PLUS AMOUNT</b></p> <p>The Certificates provide for the unconditional payment of the Plus Amounts, that are not linked to the performance of the Underlying. The Plus Amounts are equal to EUR 4,500 and will be paid on the following dates: 1 February 2019 and 3 February 2020 (the "<b>Plus Payment Dates</b>").</p> <p style="text-align: center;"><b>CASH SETTLEMENT AMOUNT</b></p> <p>The Securityholder will receive on the Settlement Date for each Minimum Exercise Amount the payment of the Cash Settlement Amount (if positive) determined as follows.</p> <p style="text-align: center;"><b>STANDARD LONG CERTIFICATES</b></p> <p><b>CALCULATION METHOD IN THE CASE OF POSITIVE AND NEGATIVE PERFORMANCE OF THE UNDERLYING (<u>BARRIER EVENT NOT OCCURRED</u>)</b></p> <p>The investor will receive an amount linked to a percentage of the Initial Reference Value, equal to 104.50% (the "<b>Initial Percentage</b>").</p> <p><b>CALCULATION METHOD IN THE CASE OF NEGATIVE PERFORMANCE OF THE UNDERLYING (<u>BARRIER EVENT OCCURRED</u>)</b></p> <p>The Barrier Event will occur if during the Barrier Event Determination Period, the FinalReference Value of the Underlying is lower than the Barrier Level equal to 65% of the Initial Reference Value.</p> <p>If a Barrier Event has occurred, the Cash Settlement Amount will be 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 partial or total loss of the capital invested.</p>
C.19	<b>Exercise price or final reference price of the underlying</b>	<p>The exercise price of the Underlying will be determined on the basis of its Final Reference Value.</p> <p>For the purposes of the Barrier Event the Reference Value will be calculated on the Barrier Event Determination Period and will be equal to the Final Reference Value.</p> <p>The Final Reference Value will be calculated on 28 January 2021 (the "<b>Valuation Date</b>") and will be an amount equal to the closing price of the Share on such date.</p> <p>The Initial Reference Value will be calculated on 1 February 2018 (the "<b>Determination Date</b>") and will be an</p>

		amount equal to the closing price of the Share on such date.
<b>C.20</b>	<b>Type of underlying and where the information on the underlying can be found</b>	<p>Underlying is the BNP Paribas SA Share (ISIN Code: FR0000131104; Bloomberg Code: BNP FP &lt;Equity&gt;).</p> <p>In respect of the Share, certain historical information (including past performance thereof) may be found on major information providers, such as Bloomberg and Reuters. Information about the Share may be found at the web site of the issuer of the Share <a href="http://www.group.bnpparibas/Bank">www.group.bnpparibas/Bank</a>.</p>
<b>Section D – RISKS</b>		
<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> <ul style="list-style-type: none"> <li>i) Banca IMI's business may be adversely affected by international markets and economic conditions;</li> <li>ii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect Banca IMI's business and results of operations;</li> <li>iii) Banca IMI's business is sensitive to current adverse macroeconomic conditions in Italy. The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other Euro-zone and OECD nations, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, could have a material adverse effect on Banca IMI's business, results of operations or financial condition;</li> <li>iv) Banca IMI's business is exposed to counterparty credit risk. Banca IMI routinely executes transactions with counterparties in the financial services industry. Many of these transactions expose Banca IMI to the risk that the Banca IMI's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults on its obligations prior to maturity when Banca IMI has an outstanding claim against that counterparty;</li> <li>v) Deterioration in Banca IMI's loan portfolio to corporate customers may affect Banca IMI's financial performance. Adverse changes in the credit quality of Banca IMI's borrowers or a decrease in collateral values are likely to affect the recoverability and value of Banca IMI's assets and require an increase in Banca IMI's individual provisions and potentially in collective provisions for impaired loans, which in turn would adversely affect Banca IMI's financial performance;</li> <li>vi) Banca IMI's business is exposed to settlement risk (i.e. the risk of losing the principal on a financial contract due to default by the counterparty or after when Banca IMI has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed) and transfer risk (i.e. is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the countries concerned);</li> <li>vii) Banca IMI's business is exposed to market risk, as the value of the financial and other assets held by Banca IMI in its trading portfolio may decrease as a result of changes in market variables ;</li> <li>viii) Banca IMI's business is exposed to operational risks (i.e. the risks of incurring losses as a result of the inappropriateness or the malfunctioning of procedures, mistakes or shortcomings of human resources and internal systems, or external events);</li> <li>ix) Banca IMI's business is exposed to liquidity risk (i.e. the risk that Banca IMI will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost);</li> <li>x) In the normal course of its business, Banca IMI is party to a number of legal proceedings including civil, tax and administrative proceedings, as well as investigations or proceedings brought by regulatory agencies. Such actions brought against Banca IMI may result in judgments, settlements, fines, penalties or other results adverse to Banca IMI which could materially adversely affect Banca IMI's business, financial condition or results of operation, or cause it serious reputational harm;</li> <li>xi) Banca IMI is exposed to risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value and linked to the entry into force of new accounting principles and to amendments to the applicable accounting principles. The estimates and assumptions used may vary from time to time and, as a result, in subsequent financial years the current values may differ, even significantly, due to changes in subjective assessments made or be otherwise reviewed to take account of changes</li> </ul>

		<p>occurred in that period;</p> <p>xii) Banca IMI's business is exposed to increasing competition in the financial services industry;</p> <p>xiii) Banca IMI's business is exposed to risks arising from the loss of key personnel;</p> <p>xiv) Banca IMI's framework for managing its risks may not be effective in mitigating risks and losses. There can be no assurance that, should Banca IMI's risk management prove to be ineffective and/or ineffective in certain conditions or circumstances, this will not result in Banca IMI suffering unexpected losses or that such risk management inefficiency will not materially adversely affect Banca IMI's business, financial condition or results of operation;</p> <p>xv) Banca IMI's business is exposed to reputational risk. Banca IMI's ability to attract and retain customers and transact with its counterparties could be adversely affected to the extent its and/or Intesa Sanpaolo Group's reputation is damaged;</p> <p>xvi) Regulatory claims may arise in the conduct of the Banca IMI's business. There can be no assurances that breaches of regulations by Banca IMI will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred;</p> <p>xvii) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject including the Banking Resolution and Recovery Directive (BRRD). The powers set out in the BRRD, as implemented in Italy, impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Securities may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD, as implemented in Italy, or any suggestion of such exercise could therefore materially adversely affect the rights of Securityholders, the price or value of their investment in any Securities and/or the ability of the Issuer to satisfy its obligations under any Securities;</p> <p>xviii) Banca IMI's business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate. Any market perception, or any concern regarding compliance with capital adequacy requirements under the CRR/CRD IV Package, could increase Banca IMI's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its results of operations, financial condition and liquidity;</p> <p>xix) Banca IMI's business is exposed to risk of changes in tax legislation as well as to increases in tax rates; and</p> <p>xx) Banca IMI's business is exposed to risk related to transactions in financial derivatives. Derivatives transactions expose the Issuer to the risk that the counterparty in derivative contracts defaults on its obligations or becomes insolvent before the relevant contract expires, when amounts are still payable to the Issuer by such party. The Issuer is also exposed to possible changes in the value of the financial instruments held (including financial derivatives).</p>
<b>D.6</b>	<b>Key risks 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 potential investor's overall investment portfolio.</p> <p><i>(ii) Option Risk</i></p> <p>The Certificates are derivative financial instruments which may include an option right. Transactions in options involve a high level of risk.</p> <ul style="list-style-type: none"> <li>• <b><i>Risks related to the structure of the Certificates</i></b></li> </ul> <p><i>(i) General risks and risks relating to the underlying asset or basis of reference</i></p> <p>The Securities involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Securities.</p> <p><i>(ii) Certain Factors Affecting the Value and Trading Price of Securities</i></p> <p>The Cash Settlement Amount at any time prior to the expiration is typically expected to be less than the trading price of the Securities at that time. The difference between the trading price and the Cash Settlement Amount will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period left until they expire and the expectations concerning the value of the underlying asset. Securities offer hedging and investment diversification opportunities but also pose some additional risks with</p>

		<p>regard to interim value. The interim value of the Securities varies with the price of the underlying asset, as well as a number of other interrelated factors.</p> <p><u>(iii) 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, should recognise the complexities of utilising Securities in this manner.</p> <p><u>(iv) Certain Considerations Associated with Share Securities</u></p> <p>In the case of Securities relating to a share or to a GDR/ADR (or basket of shares or basket of GDRs/ADRs), no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities and neither the Issuer nor any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date that would affect the trading price of the shares will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the shares and therefore the trading price of the Securities. Securityholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Securities relate.</p> <p><u>(v) Loss risk in relation to the investment</u></p> <p>The investor shall consider that, in relation to their investment, there is a risk of total or partial loss of the capital invested depending on the performance of the underlying asset.</p> <p><u>(vi) Price Risk and components that determine the value of the Certificates</u></p> <p>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, as well as the business of the Issuer of the underlying asset, speculative contractions and other factors.</p> <p><u>(vii) Risk related to the Barrier Event</u></p> <p>If a Barrier Event occurs, the Cash Settlement Amount will be determined in accordance with a calculation method other than the calculation method applicable if the Barrier Event does not occur and such circumstance may have a negative influence on the price. This may entail the risk of partial or total loss of the investment.</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>(ii) 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>(iii) U.S. Foreign Account Tax Compliance Withholding</u></p> <p>The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, "foreign passthru payments" (a term not yet defined) made after 31 December 2018. This withholding would potentially apply to payments in respect of (i) any Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date" which (A) with respect to Securities that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury Regulations defining the term foreign passthru payment are filed with the Federal Register, and (B) with respect to Securities that give rise to a dividend equivalent pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the "<b>Code</b>") as discussed below (and therefore do not give rise to foreign passthru payments), is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or in either case are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.</p> <p>While the Securities are in global form and held within the clearing systems, it is not expected that FATCA will</p>
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affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the common depositary for the clearing systems (as bearer or registered holder of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding.

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

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

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

(iv) U.S. Dividend Equivalent Payments

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

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

so withheld.

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

(vii) Hedging Disruption

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

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

(viii) Change of law

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

(ix) Potential Conflicts of Interest

Some activities of the Issuer 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.

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

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

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

• **Risks Related to the Market Generally**

(i) 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.

(ii) 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.

(iii) 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.

(iv) Listing of Securities

In respect of Securities which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to delist the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.

		<p><u>(v) 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>
<b>Section E – OFFER</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	The Issuer intends to use the net proceeds from each issue of Certificates for general corporate purposes, including making a profit. A substantial portion of the proceeds may be used to hedge market risks with respect to the Certificates.
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p>Public Offer Jurisdiction(s): Republic of Italy</p> <p>Maximum number of Securities offered: 100</p> <p>Offer Period: 30 January 2018.</p> <p>Offer Price: EUR 100,000.</p> <p>Conditions to which the offer is subject: The offer of the Securities is conditional on their issue and on the release by the Italian multilateral trading facility EuroTLX or other trading venues, before the Issue Date, of the relevant authorisation to the admission to trading of the Securities.</p> <p>Terms of the Offer: This issue of Securities is being offered in an exempt offer pursuant to Article 3(2) of the Prospectus Directive. The placement activities will be carried out by the Manager.</p> <p>The Issuer and the Manager have agreed under a placement agreement (the "<b>Placement Agreement</b>") that the Manager will place the Securities without a firm commitment. The Placement Agreement will be dated on or about 29 January 2018.</p> <p>The Issuer reserves the right, in its sole discretion, to close the Offer Period early, also in circumstances where purchases of Securities are not yet equal to the maximum amount offered of 100 Securities. Notice of the early closure of the Offer Period will be given by the Issuer to the Manager. The Issuer reserves the right to postpone the closure of the Offer Period, in order to extend the Offer Period. Notice of the postponement of the closure of the Offer Period will be given by the Issuer to the Manager. The Issuer reserves the right, in its sole discretion, to revoke or withdraw the offer and the issue of the Securities at any time prior to the Issue Date. Notice of revocation/withdrawal of the offer will be given by the Issuer to the Manager. Upon revocation/withdrawal of the offer, all subscription applications will become void and of no effect.</p> <p>Minimum and maximum subscription amount: The Securities may be subscribed in a minimum lot of no. 1 Security and an integral number of Securities higher than the Minimum Exercise Amount and being an integral multiple of 1. There is no maximum amount of application within the maximum number of Securities offered of 100 Securities. The Issuer reserves the right to increase, during the Offer Period, the maximum amount of Securities offered. Notice of such increase will be given by the Issuer to the Manager.</p>
<b>E.4</b>	<b>Material interests in the offer</b>	Save as discussed above and save for any fees payable to the Manager, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.
<b>E.7</b>	<b>Estimated expenses</b>	Investors should take into consideration that the Offer Price embeds placement commissions payable by the Issuer to the Manager equal to 2.50 per cent. of the Issue Price in respect of the aggregate Securities placed.