

FIRST SUPPLEMENT DATED 18 MAY 2020 TO THE BASE PROSPECTUS DATED 8 JULY 2019



BANCA IMI S.p.A.

(incorporated with limited liability in the Republic of Italy)

EURO MEDIUM TERM NOTE PROGRAMME

This first supplement (the **First Supplement**) to the Base Prospectus dated 8 July 2019 (the **Base Prospectus**), constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and as implemented in Ireland by the Prospectus Regulations 2005, as amended (the **Irish Prospectus Regulations**) and is prepared in connection with the Euro Medium Term Note Programme (the **Programme**) established by Banca IMI S.p.A. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

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

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

The language of the First Supplement 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.

Any websites referred to herein do not form part of the First Supplement.

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

Investors who have already agreed to purchase or subscribe for the Notes before this Supplement is published have the right, exercisable by no later than two working days after the publication of this Supplement, to withdraw their acceptances. Accordingly, the final date for exercising the withdrawal right is 20 May 2020.

1. PURPOSE OF THIS SUPPLEMENT

The purpose of this First Supplement is to:

- (i) update the ratings assigned by the credit rating agency Fitch Ratings Ltd. (**Fitch**) to Banca IMI S.p.A., which have been lowered on 13 May 2020 from "BBB" to "BBB-" (long-term) and from "F2" to "F3" (short-term) and update the outlook, which has been revised on the same date from "negative" to "stable". These changes followed the similar action concerning the parent company Intesa Sanpaolo S.p.A. after the downgrade by Fitch of the Republic of Italy's sovereign ratings announced on 28 April 2020;
- (ii) add references to the current macroeconomic uncertainty due to COVID-19 pandemic which could adversely affect Banca IMI's business;
- (iii) include an update on the timing of the merger by incorporation of Banca IMI S.p.A. into the parent company Intesa Sanpaolo S.p.A., in accordance with the Intesa Sanpaolo Group's 2018-2021 Business Plan; and
- (iv) update the outlook assigned by the credit rating agency Moody's Italia S.r.l. (**Moody's**) to Banca IMI S.p.A., which has been revised on 26 March 2020 from "stable" to "negative", as a consequence of the same revision in relation to the parent company Intesa Sanpaolo S.p.A..

For these reasons, the following sections of the Base Prospectus will be amended and/or updated, as the case may be, as better specified under sections 2 to 5 of this First Supplement:

- Cover Page;
- Summary of the Programme;
- Risk Factors; and
- Description of the Issuer.

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

Copies of the Base Prospectus and this First Supplement 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. The Base Prospectus and this First Supplement are available on the official website of the Issuer at <https://www.bancaimi.prodottiequotazioni.com/EN/Legal-Documents> and on the official website of Euronext Dublin at <http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=643&FIELDSORT=docId>.

2. COVER PAGE

As a result of the revision of the ratings and the outlook assigned by Fitch and the revision of the outlook by Moody's, the tenth paragraph of the first page (cover page) of the Base Prospectus, shall be entirely replaced by the following:

“The Issuer has been rated Baa1 (long-term) and P-2 (short-term) with negative outlook by Moody's Italia S.r.l. (**Moody's**), BBB (long-term) and A-2 (short-term) with negative outlook by S&P Global Ratings Italy S.r.l. (**S&P Global**) and BBB- (long-term) and F3 (short-term) with stable outlook by Fitch Ratings Ltd. (**Fitch**). Each of Moody's, S&P Global and Fitch is established in the European Union and is registered under the Regulation (EC) no. 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's, S&P Global and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.”

3. SUMMARY OF THE PROGRAMME

As a result of the revision of the ratings and the outlook assigned by Fitch and the revision of the outlook by Moody's, Element B.17 "Credit ratings" of the Section B "Issuer" of the Summary of the Programme is amended as set out in Schedule 1 hereto.

As a result of the current macroeconomic uncertainty due to COVID-19 pandemic, Element D.2 "Key risks regarding the issuer" of the Section D "Risks" of the Summary of the Programme is amended as set out in Schedule 1 hereto.

4. RISK FACTORS

As a result of the current macroeconomic uncertainty due to COVID-19 pandemic, under the Section "Risk Factors" of the Base Prospectus, within the sub-section "Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme", the following risk factor "*Banca IMI's business may be adversely affected by international markets and economic conditions*" shall be replaced as follows:

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

Banca IMI's business may be adversely affected in a material extent by conditions in the global financial markets and economic conditions generally both in Italy and internationally. Factors such as the liquidity of the global financial markets; the level and volatility of equity and bond prices; interest rates and commodities prices; investor sentiment; inflation; and the availability and cost of credit may significantly affect Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects. Adverse changes in these factors, particularly during periods of economic and financial crisis, could result in losses, increases in financing costs and reductions in the value of the assets held by the Issuer, with a potential negative impact on the Issuer's liquidity and its own capital strength. Furthermore, the possibility that one or more EU Member State may leave the European Monetary Union or, in an extreme scenario, the European Monetary Union may be dissolved, may affect as well with unpredictable consequences Banca IMI's business and as a result Banca IMI's operating results, financial condition and prospects.

The international macroeconomic situation is currently characterized by uncertainty, due in part to: (i) the progressive heightening of tensions in international trade between the United States and China; (ii) the slowdown of the economic growth recorded in the Eurozone; (iii) the negative trend and the progressive increase in the volatility of international equity markets in a context of increased risk aversion among investors; (iv) the volatility that characterised the European corporate bond markets, which were negatively affected by the global macroeconomic scenario; (v) the forthcoming developments related to the United Kingdom's exit from the European Union (**Brexit**), insofar as the impacts of Brexit on the United Kingdom's economy, on the international economy, on financial markets and on the Italian and Issuer's condition are not reasonably foreseeable and (vi) the Italian political situation.

The outlook for global economic growth shows significant vulnerabilities and downside risks, primarily relating to the uncertainty of the recovery of trade and global manufacturing and geopolitical tensions, which remain high. In addition, the spread of COVID-19, with its implications for public health, the economy and trade, may have a significant dampening effect on global growth.

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. In Italy, the acceleration in the economic growth continues to depend not only on the uncertain evolution of the international situation described above, but also on factors of internal instability, such as domestic demand which, although showing evidence of recovery, remains vulnerable, a labour market which has improved in recent years but which still shows areas (geographical and demographic) of extreme weakness, a situation of public finances which, despite some areas of flexibility negotiated with the European authorities, still restricts the use of taxation.

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 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.

5. DESCRIPTION OF THE ISSUER

Under the Section "Description of the Issuer" of the Base Prospectus, at the end of the sub-section "History of the Issuer", the following paragraph shall be added:

History of the Issuer

(...)

Following the authorisation released by the European Central Bank in accordance with the regulations in force, on 2 April 2020 the plan for the merger by incorporation of Banca IMI S.p.A. into Intesa Sanpaolo S.p.A. was filed with the Torino Company Register, as provided for by Article 2501-ter of the Italian Civil Code.

The merger is expected to take place by the end of July 2020, or at such later date within the reference period of the Intesa Sanpaolo Group's 2018-2021 Business Plan.

6. GENERAL

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

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

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

Banca IMI S.p.A.

18 May 2020

SCHEDULE 1

SUMMARY OF THE PROGRAMME

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

This Summary contains all the Elements required to be included in a summary for this type of Notes 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 because of the type of Notes and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not applicable".

SECTION A – INTRODUCTION AND WARNINGS

Element	
A.1	<p>This summary should be read as an introduction to the Base Prospectus and the applicable Final Terms.</p> <p>Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms.</p> <p>Where a claim relating to information contained in the Base Prospectus and the applicable Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated.</p> <p>Civil liability attaches to the Issuer solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus and the applicable Final Terms or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of this Base Prospectus and the applicable Final Terms, key information in order to aid investors when considering whether to invest in the Notes.</p>
A.2	<p>Certain Tranches of Notes 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>[Issue specific summary:</p>
	<p>[Not applicable – The Issuer does not consent to the use of the Base Prospectus for subsequent resales.]</p> <p>[Not applicable – the Notes are not being offered to the public as part of a Public Offer.]</p> <p><i>Consent:</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 Notes by the Manager(s) [, [names of specific financial intermediaries listed in final terms,] [and] [each financial intermediary whose name is published on the Issuer's website (http://www.bancaimi.prodottiquotazioni.com/EN) 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 Financial Services and Markets Act 2000, as amended or other applicable legislation implementing Directive 2014/65/EU (MiFID II) 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 offer of [insert title of relevant Notes] (the</p>

	<i>Notes) described in the Final Terms dated [insert date] (the Final Terms) published by Banca IMI S.p.A. (the Issuer). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus accordingly".]</i>
	<i>Offer period: The Issuer's consent referred to above is given for Public Offers of Notes during [offer period for the Notes to be specified here] (the Offer Period).</i>
	<i>Conditions to consent: 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 Notes in [specify each Relevant Member State in which the particular Tranche of Notes 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>
	AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES 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.]

SECTION B – ISSUER

Element	
B.1	Legal and commercial name of the Issuer Banca IMI S.p.A.
B.2	Domicile / legal form / legislation / country of incorporation The Issuer is incorporated as a <i>società per azioni</i> with limited liability under the laws of the Republic of Italy. The Issuer is registered with the Companies' Register of Milan under No. 04377700150. Its registered office is at Largo Mattioli 3, 20121 Milan, with telephone number +39 02 72611.
B.4b	Trend information In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan (approved on 6 February 2018 by the Board of Directors of Intesa Sanpaolo S.p.A.) the Issuer will be merged into the parent company Intesa Sanpaolo S.p.A.. Merger transactions could cause uncertainties to business operations, particularly when unrelated companies are involved. Considering that Intesa Sanpaolo S.p.A. is the parent company of Banca IMI and that the merger takes place between two entities belonging to the same banking group, such merger is not expected to have any material adverse effects on the business of Banca IMI or the parent company. There are no other 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 The Issuer is a company belonging to the Intesa Sanpaolo banking group (the " Intesa Sanpaolo Group "), of which Intesa Sanpaolo S.p.A. is the parent company. The Intesa Sanpaolo Group is the result of the merger effective 1 January 2007 of Sanpaolo IMI S.p.A. with Banca Intesa S.p.A. The former Banca Intesa banking group, prior to the merger, was also the result of a series of mergers, having been brought into existence in 1998 by the merger of Cariplo and Ambroveneto, followed in 1999 by the public exchange offer for 70 per cent. of Banca Commerciale Italiana, which was

merged by incorporation in 2001. The former Sanpaolo IMI group was the result of the merger of Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano in 1998, and of the subsequent integration of Banco di Napoli, in 2000 and of Gruppo Cardine, in 2002.

The Issuer is the investment banking arm and securities firm of the Intesa Sanpaolo Group.

B.9 Profit forecast or estimate

Not applicable - No profit forecasts or estimates have been made in the Base Prospectus.

B.10 Audit report qualifications

Not applicable - No qualifications are contained in any audit report included in the Base Prospectus.

B.12 Selected historical key financial information

The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2017 and 2018 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:

Audited Consolidated Balance Sheets for the year ending 31 December 2018 compared with corresponding figures for the year ending 31 December 2017

Assets	31 December 2018	31 December 2017
	<i>(EUR thousand)</i>	
Cash and cash equivalents	3	4
Financial assets measured at fair value through profit or loss	46,155,082	44,692,894
<i>a) financial assets held for trading</i>	<i>45,768,926</i>	<i>44,692,894</i>
<i>b) financial assets designated at fair value</i>	<i>-</i>	<i>-</i>
<i>c) other financial assets mandatorily measured at fair value</i>	<i>386,156</i>	<i>-</i>
Financial assets measured at fair value through other comprehensive income	17,145,107	14,473,923
Financial assets measured at amortised cost	100,921,959	88,254,351
<i>a) due from banks</i>	<i>63,484,617</i>	<i>55,288,763</i>
<i>b) loans to customers</i>	<i>37,437,342</i>	<i>32,965,588</i>
Hedging derivatives	50,837	69,789
Equity investments	45,141	53,034
Property and equipment	418	562
Intangible assets	57	126
Tax assets	452,204	321,008
<i>a) current</i>	<i>121,648</i>	<i>97,068</i>
<i>b) deferred</i>	<i>330,556</i>	<i>223,940</i>
Non-current assets held for sale and discontinued operations	32,838	-
Other assets	444,442	646,126
Total assets	165,248,088	148,511,817
Liabilities and Equity	31 December 2018	31 December 2017
	<i>(EUR thousand)</i>	
Financial liabilities measured at amortised cost	110,875,700	94,610,398
<i>a) due to banks</i>	<i>83,981,662</i>	<i>71,615,809</i>
<i>b) due to customers</i>	<i>20,528,242</i>	<i>15,195,941</i>
<i>c) securities issued</i>	<i>6,365,796</i>	<i>7,798,648</i>
Financial liabilities held for trading	48,319,070	48,076,068
Hedging derivatives	426,166	212,943
Tax liabilities	163,348	127,264

<i>a) current</i>	145,315	112,965
<i>b) deferred</i>	18,033	14,299
Other liabilities	540,041	520,617
Post-employment benefits	8,732	8,918
Provisions for risks and charges	29,327	54,673
<i>a) commitments and guarantees given</i>	6,684	32,333
<i>b) pension and similar obligations</i>	12	12
<i>c) other provisions</i>	22,631	22,328
Valuation reserves	(229,334)	(131,168)
Equity instruments	1,200,000	1,200,000
Reserves	1,568,254	1,617,916
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the period / year	803,060	670,464
Total liabilities and equity	165,248,088	148,511,817

Audited Consolidated Income Statements for the year ending 31 December 2018 compared with corresponding figures for the year ending 31 December 2017

	31 December 2018	31 December 2017
	<i>(EUR thousand)</i>	
Interest and similar income	1,138,805	1,081,963
Interest and similar expense	(566,697)	(576,964)
Net interest income	572,108	504,999
Fee and commission income	576,828	504,943
Fee and commission expense	(298,203)	(173,166)
Net fee and commission income	278,625	331,777
Dividends and similar income	29,289	38,242
Profits (Losses) on trading	546,178	493,215
Profit (Losses) on hedging	(2,100)	3,812
Profits (Losses) on disposal or repurchase of:		
<i>a) financial assets measured at amortised cost</i>	16,067	(665)
<i>b) financial assets measured at fair value through other comprehensive income</i>	206,641	198,144
<i>c) financial liabilities</i>	(1,216)	(18,804)
Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	22,013	-
<i>a) financial assets and liabilities designated at fair value</i>	-	-
<i>b) other financial assets mandatorily measured at fair value</i>	22,013	-
Total income	1,667,605	1,550,720
Impairment losses / reversals of impairment losses for credit risks associated with:		
<i>a) financial assets measured at amortised cost</i>	33,636	(71,378)
<i>b) financial assets measured at fair value through other comprehensive income</i>	(7,460)	(469)
Profits (Losses) on changes in contracts without derecognition	(4,321)	-
Net financial income	1,689,460	1,478,873
Net banking and insurance income	1,689,460	1,478,873
Administrative expenses:	(522,402)	(505,757)
<i>a) personnel expenses</i>	(165,598)	(165,403)
<i>b) other administrative expenses</i>	(356,804)	(340,354)
Net accruals to provision for risks and charges	11,925	(83)
<i>a) commitments and guarantees given</i>	11,925	917

	<table> <tr> <td><i>b) other net provisions</i></td> <td>-</td> <td>(1,000)</td> </tr> <tr> <td>Depreciation and net impairment losses on property and equipment</td> <td>(254)</td> <td>(301)</td> </tr> <tr> <td>Amortisation and net impairment losses on intangible assets</td> <td>(73)</td> <td>(97)</td> </tr> <tr> <td>Other operating income (expenses)</td> <td>4,340</td> <td>(15,317)</td> </tr> <tr> <td>Operating expenses</td> <td>(506,464)</td> <td>(521,555)</td> </tr> <tr> <td>Net gains on sales of equity investments</td> <td>10,874</td> <td>18,896</td> </tr> <tr> <td>Pre-tax profit from continuing operations</td> <td>1,193,870</td> <td>976,214</td> </tr> <tr> <td>Income tax expense</td> <td>(390,810)</td> <td>(305,750)</td> </tr> <tr> <td>Post-tax profit from continuing operations</td> <td>803,060</td> <td>670,464</td> </tr> <tr> <td>Profit for the year</td> <td>803,060</td> <td>670,464</td> </tr> <tr> <td>Profit (loss) attributable to non-controlling interests</td> <td>-</td> <td>-</td> </tr> <tr> <td>Profit attributable to the owners of the parent</td> <td>803,060</td> <td>670,464</td> </tr> </table>	<i>b) other net provisions</i>	-	(1,000)	Depreciation and net impairment losses on property and equipment	(254)	(301)	Amortisation and net impairment losses on intangible assets	(73)	(97)	Other operating income (expenses)	4,340	(15,317)	Operating expenses	(506,464)	(521,555)	Net gains on sales of equity investments	10,874	18,896	Pre-tax profit from continuing operations	1,193,870	976,214	Income tax expense	(390,810)	(305,750)	Post-tax profit from continuing operations	803,060	670,464	Profit for the year	803,060	670,464	Profit (loss) attributable to non-controlling interests	-	-	Profit attributable to the owners of the parent	803,060	670,464
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	<p>No material adverse change statement</p> <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2018.</p>																																				
	<p>Significant changes in the financial or trading position</p> <p>There has been no significant change in the financial or trading position of the Issuer since 31 December 2018.</p>																																				
B.13	<p>Events impacting the Issuer's solvency</p> <p>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.</p>																																				
B.14	<p>Dependence upon other group entities</p> <p>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.</p> <p>In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan (approved on 6 February 2018 by the Board of Directors of Intesa Sanpaolo S.p.A.) the Issuer will be merged into the parent company Intesa Sanpaolo S.p.A.</p>																																				
B.15	<p>Principal activities</p> <p>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 three business segments: <i>Global Markets</i>, <i>Investment Banking</i> and <i>Structured Finance</i>.</p>																																				
B.16	<p>Controlling shareholders</p> <p>The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.</p> <p>In accordance to the Intesa Sanpaolo Group's 2018-2021 Business Plan (approved on 6 February 2018 by the Board of Directors of Intesa Sanpaolo S.p.A.) the Issuer will be merged into the parent company Intesa Sanpaolo S.p.A..</p>																																				
B.17	<p>Credit ratings</p>																																				

	The Issuer has been rated Baa1 (long-term) and P-2 (short-term) with negative ¹ outlook by Moody's Italia S.r.l. (Moody's), BBB (long-term) and A-2 (short-term) with negative outlook by S&P Global Ratings Italy S.r.l. (S&P Global) and BBB- ² (long-term) and F3 ³ (short-term) with stable outlook ⁴ by Fitch Ratings Ltd. (Fitch).
	Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Series of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency.
	[Issue specific summary:
	The Notes [have been/are expected to be] rated [<i>specify rating(s) of Series being issued</i>] by [<i>specify rating agent(s)</i>].
	A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.]
	[Not applicable – No ratings have been assigned to the Issuer or its Notes at the request of or with the co-operation of the Issuer in the rating process.]

SECTION C – NOTES

Element	
C.1	Type and class of the Notes The Issuer may issue Notes pursuant to the Programme.
	Notes may be fixed rate Notes, fixed rate reset Notes, floating rate Notes, zero coupon Notes, dual currency Notes or a combination of the foregoing.
	Notes will be issued in bearer form (Bearer Notes) or registered form (Registered Notes). Notes may be in definitive form, or may initially be represented by one or more global securities deposited with a common depository or a common safekeeper for Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking S.A. (Clearstream, Luxembourg) and/or any other relevant clearing system. Global securities may be exchanged for definitive securities in the limited circumstances described in the relevant global security. In addition, in certain circumstances, investors may also hold interests in the Notes indirectly through Euroclear UK & Ireland Limited through the issuance of dematerialised depository interests issued, held, settled and transferred through CREST (CDIs). CDIs represent interests in the relevant Notes underlying the CDIs; the CDIs are not themselves Notes. CDIs are independent securities distinct from the Notes, are constituted under English law and transferred through CREST and will be issued by CREST Depository Limited pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated). CDI holders will not be entitled to deal directly in the Notes.
	The Notes shall be redeemed at par.

¹ As a result of the revision of the outlook of Banca IMI by Moody's from "stable" to "negative", this Element B.17 "Credit ratings" of the Section B "Issuer" has been amended by the First Supplement dated 18 May 2020.

² As a result of the revision of the rating (long-term) of Banca IMI by Fitch from "BBB" to "BBB-", this Element B.17 "Credit ratings" of the Section B "Issuer" has been amended by the First Supplement dated 18 May 2020.

³ As a result of the revision of the rating (short-term) of Banca IMI by Fitch from "F2" to "F3", this Element B.17 "Credit ratings" of the Section B "Issuer" has been amended by the First Supplement dated 18 May 2020.

⁴ As a result of the revision of the outlook of Banca IMI by Fitch from "negative" to "stable", this Element B.17 "Credit ratings" of the Section B "Issuer" has been amended by the First Supplement dated 18 May 2020.

	The security identification number of the Notes will be set out in the relevant Final Terms.
	<i>[Issue specific summary:</i>
	Title of Notes: [●]
	Series Number: [●]
	Tranche Number: [●]
	ISIN Code: [●]
	Common Code: [●]
	Relevant Clearing Systems(s): The Notes will settle in [Euroclear and Clearstream, Luxembourg]/[●]. [The Notes will also be made eligible for CREST via the issue of CDIs.] [The Notes will initially be issued in global [bearer] [registered] form.] [The Notes will be issued in definitive registered form.] [The Notes will be consolidated and form a single series with [<i>identify earlier Tranches</i>] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note/the [●] interest payment date after the Issue Date, which is expected to occur on or about [<i>date</i>]]]
C.2	Currency of the Notes
	Subject to compliance with all relevant laws, regulations and directives, the Notes may be denominated in any agreed currency and payments in respect of the Notes may be made in the currency of denomination of the Notes or in such currency and based on such rates of exchange, as the Issuer and the relevant Manager may agree at the time of issue of the relevant Notes.
	<i>[Issue specific summary:</i>
	The Notes are denominated in [●]. Payments of interest in respect of the Notes will be made in [●]. Payments of principal in respect of the Notes will be made in [●].]
C.5	Restrictions on free transferability
	Selling restrictions apply to offers, sales or transfers of the Notes under the applicable laws in various jurisdictions. A purchaser of the Notes is required to make certain agreements and representations as a condition to purchasing the Notes.
	<i>[Issue specific summary:</i>
	Regulation S Compliance Category 2. TEFRA [C] [D] [not applicable]]
C.8	Description of the rights attaching to the Notes
	Status: The Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
	Negative pledge: The Notes do not have the benefit of a negative pledge.
	Deed of covenant: The Notes have the benefit of a deed of covenant dated on or around 8 July 2019.
	Right to interest: Notes may bear interest as determined in accordance with item C.9 below.
	Right to redemption: The early redemption amount or final redemption amount is determined in accordance with item C.9 below.

	<p>Taxation: <i>[If the applicable Final Terms specify that Condition 7(i) is applicable to the Notes]</i> principal and interest in respect of the Notes will be payable by the Issuer without withholding or deduction for or on account of withholding taxes imposed by the Republic of Italy or by or on behalf of any political subdivision or any authority therein having power to tax. In the event that any deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p><i>[If the applicable Final Terms specify that Condition 7(ii) is applicable to the Notes,]</i> the Issuer is not obliged to gross up any payments in respect of the Notes and 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, presentation and surrender for payment, or enforcement of any Note 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>All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to the Foreign Account Tax Compliance Act.</p>
	<p>Events of Default: The terms of the Notes will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> (b) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time; (c) non-performance or non-observance by the Issuer of any of its other obligations under the Terms and Conditions continuing for a specified period of time; (d) the Issuer suspends its payments generally; and (e) events relating to the insolvency or winding up of the Issuer.
	<p>Meeting of Noteholders: The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p>
	<p>Governing law: English law.</p>
C.9	<p>Interest and Redemption</p> <p><i>Interest</i></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate or a combination of the foregoing. Interest on interest-bearing Notes may be paid in the currency of denomination of the Notes or, if the Notes are specified as being dual currency interest Notes, in such currencies, and based on such rates of exchange, as the Issuer and the relevant Manager may agree at the time of issue of the relevant Notes.</p> <p><i>[Issue specific summary:</i></p> <p><i>[Fixed Rate Interest[s]</i></p> <p>The Notes bear interest [from their date of issue/from [●]] to [●] at the fixed rate of [●] per cent. per annum [and from [●] to [●] at the fixed rate of [●] per cent. per annum]. The yield of the Notes is [●] per cent. per annum at maturity, calculated as the annual expected return as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. Interest will be paid in [<i>insert payment currency</i>] in arrear on [●] [and [●]] [in each year]. [The first interest payment will be made on [●]].</p>

	<p><i>[Fixed Rate Reset Interest[s]</i></p> <p>The Notes bear interest [from their date of issue/from [●]] to [●] at the fixed rate of [●] per cent. per annum and from [●] to [●] (the Reset Period) [and each successive Reset Period thereafter] at a fixed rate of interest per annum [of [●] per cent. per annum/calculated by reference to <i>[describe reference rate for Notes being issued]</i> [plus/minus] a margin of [●] per cent.]. The yield of the Notes is [●] per cent. per annum at maturity, calculated as the annual expected return as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. Interest will be paid in <i>[insert payment currency]</i> in arrear on [●] [and [●]] in each year. [The first interest payment will be made on [●]].</p> <p><i>[Floating Rate Interest[s]</i></p> <p>The Notes bear interest [from their date of issue/from [●]] at [●] floating rate[s] calculated by reference to <i>[specify reference rate(s) or difference of reference rate(s), as applicable, for Notes being issued]</i> [multiplied by a rate multiplier of [●] per cent.] [plus/minus] a margin of [●] per cent. [subject to a maximum rate of interest of [●]] [and] [subject to a minimum rate of interest of [●]]. Interest will be paid in <i>[insert payment currency]</i> in arrear on [●] [and [●]] in each year, subject to adjustment for non-business days. [The first interest payment will made on [●]].</p> <p>[The Notes may bear interest on a different interest basis in respect of different interest periods. The Issuer has the option of changing the interest basis between [fixed rate], [fixed reset rate] and [floating rate] in respect of different periods, upon prior notification of such change in interest basis to Noteholders.]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p>
	<p><i>Redemption</i></p> <p>The terms under which Notes may be redeemed (including the maturity date, the price at which they will be redeemed on the maturity date, the currency of redemption and rate of exchange with the currency of denomination, as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Manager at the time of issue of the relevant Notes.</p> <p><i>[Issue specific summary:</i></p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on [●] at [●]. [The Notes will be redeemed in <i>[insert payment currency]</i>.]</p> <p>[The Notes may be redeemed early for tax reasons [or <i>[specify any other early redemption option applicable to the Notes being issued]</i>] at <i>[specify the early redemption price and any maximum or minimum redemption amounts, applicable to the Notes being issued]</i>.]</p> <p><i>Representative of holders</i></p> <p>Not applicable – No representative of the Noteholders has been appointed by the Issuer.</p>
C.10	<p>Derivative component on interest</p> <p>[Not applicable – The Notes do not have a derivative component in the interest payment.]</p> <p><i>[Insert if Minimum Rate of Interest and/or Maximum Rate of Interest is applicable:</i> The Notes are characterised by a pure bond component and an implied derivative component [which is represented by [a put option on the minimum rate sold by the Issuer to the investors] [●] [and/or] [a call option on the maximum rate sold by the investor to the Issuer] [●].]</p>
C.11	<p>Listing and Admission to trading</p>

	<p>Notes issued under the Programme may be listed on the Official List of Euronext Dublin and admitted to trading on the Regulated Market of Euronext Dublin, or may be admitted to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market, or such other stock exchange, market or trading venue specified below, or may be issued on an unlisted basis.</p> <p>The Notes may be listed or admitted to trading, as the case may be, on such other further stock exchange(s) or market(s) or trading venue(s) in the jurisdictions indicated in the applicable Final Terms, as determined by the Issuer.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and if so, on which stock exchange(s) and/or market(s) and/or trading venue(s).</p>
	<i>[Issue specific summary:</i>
	[Application for Notes [has been] [is expected to be] made for [listing on the Official List of Euronext Dublin and for admission to trading on the Regulated Market of Euronext Dublin] [[and for] admission to trading on the electronic order book for retail bonds on the London Stock Exchange's regulated market].]
	[Application for Notes [has also been] [is expected also to be] made for [listing][admission to trading][specify the market and/or trading venue(s) in Czech Republic, France, Germany, Hungary, Republic of Italy, The Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, United Kingdom, Grand Duchy of Luxembourg, Belgium, Croatia, Denmark, Sweden, Austria, Cyprus, Greece, Malta][with effect from (or [after][around]) the Issue Date.]
	[Application may also be made by the Issuer (or on its behalf) to list the Notes on such further or other stock exchanges or regulated markets or to admit to trading on such other trading venues (including without limitation multilateral trading facilities) as the Issuer may determine.]
	[The Notes are not intended to be listed or admitted to trading.]

SECTION D – RISKS

SECTION D – RISKS	
D.2	<p>Key risks regarding the issuer</p> <p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.</p> <p>These factors include:</p> <ul style="list-style-type: none"> • Banca IMI is exposed towards governments, with particular reference to the Republic of Italy, and other public bodies in Europe and outside the Eurozone. The worsening of sovereign debt and its volatility, with particular reference to the differential in yield between Italian government bonds and other benchmark government bonds (the so-called spread), may have adverse effects on Banca IMI's business, financial condition or operating results. Furthermore, reductions in the rating of Italy, or forecasts that such reductions may occur, may cause the markets to become unstable and have a negative impact on the Issuer's operating results, financial conditions and prospects; • In accordance with the Intesa Sanpaolo Group's 2018-2021 Business Plan, Banca IMI will be merged

	<p>into the parent company Intesa Sanpaolo S.p.A.. Merger transactions could cause uncertainties to business operations, particularly when unrelated companies are involved. Considering that Intesa Sanpaolo S.p.A. is the parent company of Banca IMI and that the merger takes place between two entities belonging to the same banking group, such merger is not expected to have any material adverse effects on the business of Banca IMI or the parent company;</p> <ul style="list-style-type: none"> • Banca IMI's business may be adversely affected by international and Italian economic conditions, by financial markets trends, and by the developments and conditions in the markets in which Banca IMI operates. The outlook for global economic growth shows significant vulnerabilities and downside risks, primarily relating to the uncertainty of the recovery of trade and global manufacturing and geopolitical tensions, which remain high. In addition, the spread of COVID-19, with its implications for public health, the economy and trade, may have a significant dampening effect on global growth;⁵ • 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 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; • 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; • 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); • 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); • Banca IMI is party to a number of legal proceedings including civil, tax and administrative proceedings that may lead to significant liabilities; • Banca IMI is exposed to risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value and linked to the entry into force of new accounting principles and to amendments to the applicable accounting principles. The estimates and assumptions used may vary from time to time and, as a result, in subsequent financial years the current values may differ, even significantly, due to changes in subjective assessments made or be otherwise reviewed to take account of changes occurred in that period; • Banca IMI operates within a highly regulated industry and it is subject to the supervision activity carried out by the relevant institutions (in particular, the European Central Bank, the Bank of Italy and CONSOB). Both the applicable regulation and the supervision activity are subject to ongoing updates and developments in the practice; • In the normal course of its business, Banca IMI is exposed to different types of risk (liquidity risk, credit risk, operational risk, risks linked to compliance, business risk, as well as reputational risk). In the event that Banca IMI's internal policies and procedures for managing these risks are not effective, Banca IMI will incur loss, which may also be significant, with adverse effects on Banca IMI's business or financial condition; and • 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.
D.3	Key risks regarding the Notes
	<p>There are also risks associated with specified types of Notes and with the Notes and the markets generally, including:</p> <ul style="list-style-type: none"> • <i>The Notes may not be a suitable investment for all investors</i> <p>Each potential investor in the Notes must determine the suitability of that investment in light of its own</p>

⁵ As a result of the current macroeconomic uncertainty due to COVID-19 pandemic, within Element D.2 "Key risks regarding the issuer" of the Section D "Risks" this risk factor has been amended by the First Supplement dated 18 May 2020.

circumstances.

- ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors.

() Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing.]

() The interest rate on Fixed Rate Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Fixed Rate Reset Notes and could affect the market value of Fixed Rate Reset Notes

Fixed Rate Reset Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the first Reset Date. On the first Reset Date, however, and on each Reset Date (if any) thereafter, the interest rate will be reset to a different fixed rate of interest per annum (each such interest rate, a Reset Rate of Interest). The Reset Rate of Interest for any Reset Period could be less than Initial Rate of Interest or the Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Fixed Rate Reset Notes.]

() Risks relating to Dual Currency Notes

The Issuer may issue Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, "**Dual Currency Notes**") where the interest and/or principal is payable in one or more currencies which may be different from the currency in which the Notes are denominated. Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors. In particular, in the case of negative fluctuations of the relevant exchange rates, the potential investor may be exposed to a partial loss of the capital invested.]

() Minimum Rate of Interest

Potential investors should consider that where the underlying interest rate does not rise above the level of the Minimum Rate of Interest, comparable investments in notes which pay interests based on a rate which is higher than the Minimum Rate of Interest are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes may find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount.]

() Maximum Rate of Interest

In relation to the Maximum Rate of Interest applies, investors should be aware that the Interest Rate is capped at such Maximum Rate of Interest level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affects the market value of the Notes.]

() Notes issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.]

() Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.]

() Euro-system Eligibility

The European Central Bank maintains and publishes a list of assets which are recognised as eligible collateral for Eurosystem monetary and intra-day credit operations. In certain circumstances, recognition may impact on (among other things) the liquidity of the relevant assets. Recognition (and inclusion on the list) is at the discretion of the Eurosystem and is dependent upon satisfaction of certain Eurosystem eligibility criteria and rules. If application is made for any Notes to be recognised and added to the list of eligible assets, there can be no assurance that such Notes will be so recognised, or, if they are recognised, that they will continue to be recognised at all times during their life.

() Calculation Agent's Discretion and Conflicts of Interest

The Calculation Agent may make certain determinations in respect of the Notes, and certain adjustments to the Terms and Conditions of the Notes, which could affect amounts of interest and/or principal payable by the Issuer in respect of the Notes. The Terms and Conditions of the Notes will specify the circumstances in which the Calculation Agent will be able to make such determinations and adjustments. In exercising its right to make such determinations and adjustments the Calculation Agent is entitled to act in its sole and absolute discretion.

[() The regulation and reform of Benchmarks may adversely affect the value of Notes linked to such Benchmarks

The reference rate of the Notes qualifies as a benchmark (the "**Benchmark**") within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**"). According to the Benchmark Regulation, a Benchmark could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the "equivalence" conditions, is not "recognised" pending such a decision and is not "endorsed" for such purpose. Consequently, it might be not possible to further utilise a Benchmark as reference rate of the Notes.

Any changes to a Benchmark as a result of the Benchmark Regulation could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with the Benchmark Regulation. Such factors may have the following effects on certain Benchmarks: (i) discourage market participants from continuing to administer or contribute to such Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmarks; or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international, national or other proposal for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a Benchmark.

[The [*] is deemed to be a Benchmark and is subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such Benchmark to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such Benchmark.

[The sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives, including possibly as a result of regulatory reforms, for market participants to continue contributing to such Benchmarks. On 12 July 2018, the Chief Executive of the United Kingdom Financial Conduct Authority ("**FCA**") which regulates LIBOR, discussed in a speech the transition away from LIBOR to alternative interest rate benchmarks based on overnight rates. As previously announced on 27 July 2017, the Chief Executive of the FCA has confirmed that it does not intend to persuade or use its powers to compel panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.]

[The EURIBOR may be subject, in the future, to cessations or changes in the calculation method in relation to one or more tenors, as already occurred on 14 June 2018 when the European Money Markets Institute (EMMI), the administrator of EURIBOR, approved the cessation of the 2 week, 2 month and 9 month tenors.]

The potential elimination of a Benchmark, or changes in the manner of administration of such Benchmark, as a result of the Benchmark Regulation or otherwise, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such Benchmark. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or be discontinued. The application of the fallback methods may expose investors to certain risks including, but not limited to (i) conflicts of interest of the Calculation Agent when making the required adjustments to the Notes, or (ii) the replacement of the reference rate with a different rate which could perform differently than the original reference rate and therefore affect amounts of interest and/or principal payable in respect of the Notes, or (iii) the early redemption of the Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a Benchmark.]

[The market continues to develop in relation to the use of [SONIA][SOFR][•] as reference rate

[The [SONIA][SOFR] will be determined on the basis of [a compounded daily rate] [a weighted average rate]. Such rate will differ from the relevant LIBOR rate in a number of material respects, including (without limitation) that [a compounded daily rate] [a weighted average rate] will be determined by reference to backwards-looking, risk-free overnight rates, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending.] [The use of [SONIA][SOFR][•] as a reference rate is nascent and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such reference rate. The market or a significant part thereof may adopt an application of [SONIA][SOFR][•] that differs significantly from that set out in the Notes. The nascent development of [SONIA][SOFR][•] as interest reference rate, as well as continued development of [SONIA][SOFR][•] rate for such market and the market infrastructure for adopting such rate, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes. Furthermore, the Rate of Interest is only capable of being determined at the end of the relevant Interest Period and shortly prior to the relevant Interest Payment Date. It may be difficult for investors to estimate reliably the amount of interest which will be payable under the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Investors should carefully consider these matters when making their investment decision with respect to any such Notes.]

- ***Risks related to Notes generally***

- (i) *Modification, waivers and substitution*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes also provide that the Agent and the Issuer may, without the consent of Noteholders, agree to (i) any modification (subject to certain specific exceptions) of the Notes or the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders or (ii) any modification of the Notes, the Coupons 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) *Taxation*

Potential purchasers and sellers of Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred and/or any asset(s) are delivered or in other jurisdictions. In addition, it is not possible to predict whether the taxation regime applicable to Notes on the date of purchase or subscription will be amended during the term of the Notes. If such amendments are made, the taxation regime applicable to the Notes may differ substantially from the taxation regime in existence on the date of purchase or subscription of the Notes.

[() No Gross Up in respect of Certain Series of Notes

[If the applicable Final Terms specify that Condition 7(ii) is applicable,]The Issuer is not obliged to gross up any payments in respect of the Notes and 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, presentation and surrender for payment, or enforcement of any Note 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 Notes 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 two years after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment", or later. This withholding would potentially apply to payments in respect of (i) any Notes 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 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, or are issued on or before the grandfathering date and are materially modified thereafter, and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and

additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

While the Notes are in global form and held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payment to any ultimate investor that is a financial institution 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 their custodians and 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 Notes are discharged once it has paid the common safekeeper or common depository or safekeeper for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Notes 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 Notes, none of the Issuer, any paying agent or any other person would, pursuant to the conditions of the Notes, 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 Notes should consult their own tax advisers for a more detailed explanation of FATCA and how FATCA may apply to payments they receive under the Notes. FATCA is particularly complex and its application to the Issuer, the Notes, and investors in the Notes is uncertain at this time. The application of FATCA to "foreign passthrough payments" on the Notes or to Notes 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"), which entered into force on 1st July 2014. The IGA ratification law entered into force on 8 July 2015. Under these rules, the Issuer, as a reporting financial institution, will be required to collect and report certain information in respect of its account holders and investors to the Italian tax authorities, which would automatically exchange such information periodically with the U.S. Internal Revenue Service.

() The Common Reporting Standard

The common reporting standard ("CRS") framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in or of increase international tax transparency.

On 21 July 2014, the Standard for Exchange Financial Account Information in Tax Matters was published by the OECD and this includes the CRS. The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) ("FIs") relating to account holders who are tax resident in other participating jurisdictions.

Council Directive 2011/16/EU on Administrative co-operation in the Field of Taxation (as amended by Council Directive 2014/107/EU) ("DAC II") implements CRS in a European context and creates a mandatory for all EU to exchange financial information in respect of resident in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).

At present, 102 jurisdictions have publicly committed to implement the CRS, with 49 being committed to start exchanges from September 2017 and a further 53 taking up exchanges in September 2018.

The Issuer (or any nominated service provider) will agree that information (including to identify of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer's (or any nominated service provider's) used for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law that it will

take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder or iv) as otherwise required by law or court order or on the advice of its advisors.

() Change of law

The Terms and Conditions of the Notes 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.

() Notes where denominations involve integral multiples: definitive Notes

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.]

() Reliance on Euroclear and Clearstream, Luxembourg procedures

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg (see "Form of the Notes"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants. While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

() Public offers

If Notes 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 null and void according to the terms indicated in the relevant Final Terms. Furthermore, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or the other entities specified in the Final Terms may have the right to postpone the closing of the offer period and, if so, the Issue Date of the Notes.]

() United Kingdom's exit from the European Union

On 23 June 2016, the United Kingdom (the "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 Notes. 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 Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

• ***Risks related to the market generally***

(i) The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

(ii) The Issuer will act as liquidity provider

The Issuer may act as liquidity provider in relation to the Notes, among other things, also by publishing on his website the indicative value of the Notes determined by taking into consideration, for instance, the bid and ask prices in respect of the Notes and the hedging and/or unwinding costs. In this case, investors should take into account that such indicative value may significantly differ from the value of the Notes as quoted by

other market makers and it should not be construed as the fair market price of such Notes nor as a fair estimation of consideration in respect of any disposal of such Notes.

(iii) Exchange rate risks and exchange controls

[The Issuer will pay principal and interest on the Notes in the Specified Currency] *[Insert if Dual Currency Interest and/or Dual Currency Redemption is specified as being applicable. The Issuer will pay principal and/or interest on the Notes in a currency different to the Specified Currency (the "Payment Currency").]* This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency and/or, as applicable, the Payment 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. 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, investors may receive less interest or principal than expected, or no interest or principal. The above risks may be increased for currencies of emerging market jurisdictions.

(iv) Interest rate risks

[Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.][Investment in Floating Rate Notes involves the risk that interest rates may vary from time to time, resulting in variable interest payments to Noteholders].

() Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.]

() Any decline in the credit ratings of the Issuer may affect the market value of the Notes

The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those on the Notes. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Notes.

- **Legal risks**

(i) Legal investment considerations may restrict certain investments

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes 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 Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Notes. 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) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

(ii) No reliance

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

- **[Risks relating to holding CREST Depository Interests**

(i) CREST Depository Interests are separate legal obligations distinct from the Notes and holders of

	<p style="text-align: center;"><u><i>CREST Depository Interests will be subject to provisions outside the Notes</i></u></p> <p>Holders of CDIs (CDI Holders) will hold or have an interest in a separate legal instrument and will not be holders of the Notes in respect of which the CDIs are issued (the Underlying Notes). The rights of CDI Holders to the Notes are represented by the relevant entitlements against the CREST Depository (as defined herein) which (through the CREST Nominee (as defined herein)) holds interests in the Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll (as defined herein). Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual (as defined herein) and the CREST Rules (as defined herein) contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders may differ from those of holders of Notes which are not represented by CDIs. In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service. Potential investors should note that none of the Issuer, the relevant Manager and the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.]</p>
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SECTION E – OFFER

Element	
E.2b	<p>Use of proceeds</p> <p>The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.</p>
	<p><i>[Issue specific summary:</i></p>
	<p>[The net proceeds from the issue of Notes will be applied by the Issuer [for its general corporate purposes] [and] [<i>specify other</i>]].]</p> <p>[Not applicable - the Notes are not being offered to the public as part of a Public Offer.]</p>
E.3	<p>Terms and conditions of the offer:</p> <p>If so specified in the relevant Final Terms, the Notes may be offered to the public in a Public Offer in one or more specified Public Offer Jurisdictions.</p>
	<p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Managers at the time of issue and specified in the applicable Final Terms. Offers of the Notes are conditional on their issue. An Investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.</p>

	<i>Issue specific summary:</i>
	[Not applicable - the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency.)]
	[Not applicable - the Notes are not being offered to the public as part of a Public Offer.]
	The issue price of the Notes is [●] per cent. of their nominal amount.
	[Summarise the terms of any Public Offer as set out in paragraph [●] and section [●] of Part B of the Final Terms]
E.4	<p>Description of any interest of natural and legal persons involved in the issue/offer that is material to the issue/offer including conflicting interests</p> <p>The relevant Managers may be paid fees in relation to any issue of Notes under the Programme. Any such Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and their affiliates in the ordinary course of business.</p>
	<i>Issue specific summary:</i>
	<p>[Other than as mentioned above, [and save for [any fees payable to the Manager [and [any other Authorised Offeror]](●),] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p> <p>[Not applicable - the Notes are not being offered to the public as part of a Public Offer.]</p>
E.7	<p>Expenses charged to the investor by the Issuer or an Authorised Offeror</p> <p><i>Issue specific summary:</i></p>
	<p>[No expenses are being charged to an investor by the Issuer [or any Authorised Offeror]. [For this specific issue, however, expenses may be charged by an Authorised Offeror (as defined above) in the range between [●] per cent. and [●] per cent. of the nominal amount of the Notes to be purchased by the relevant investor.]]</p> <p>[Specify other]</p> <p>[Not applicable - the Notes are not being offered to the public as part of a Public Offer.]</p>