FIRST SUPPLEMENT DATED 18 JULY 2014 TO THE BASE PROSPECTUS DATED 29 AUGUST 2013

BANCA IMI S.p.A.

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

CERTIFICATES PROGRAMME

This first supplement (the **First Supplement**) to the Base Prospectus dated 29 August 2013 (the **Base Prospectus**) constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**) and is prepared in connection with the Certificates Programme (the **Programme**) established by Banca IMI S.p.A. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

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

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

The 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.

1. PURPOSE OF THIS SUPPLEMENT

On 29 April 2014 Banca IMI S.p.A. approved its audited company financial statements and the audited consolidated financial statements for the financial year ending 31 December 2013.

On 14 May 2014 Banca IMI S.p.A. approved its unaudited financial statements and its unaudited consolidated financial statements as at and for the three months ending 31 March 2014.

By virtue of this First Supplement, both the audited financial statements for the financial year ending 31 December 2013 and the unaudited financial statements as at and for the three months ending 31 March 2014 are incorporated in, and forms part of, the Base Prospectus.

The purpose of this First Supplement is to:

(i) disclose the audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2013;

(ii) disclose the unaudited financial statements and the unaudited consolidated financial statements of the Issuer as at and for the three months ending 31 March 2014; and

(iii) update certain information contained in the Base Prospectus in light of recent changes in the taxation of the certificates in the Republic of Italy.

The following sections will be amended and/or updated, as the case may be and as better specified under paragraphs 2 to 7 of this First Supplement:

- Summary of the Programme;
- Risk Factors;
- Documents incorporated by reference;
- Description of the Issuer;
- Taxation in the Republic of Italy; and
- General Information.

Except as disclosed in this Supplement, there has been:

(i) no significant change in the financial or trading position of the Issuer since 31 March 2014; and

(iii) no material adverse change in the prospects of the Issuer since 31 December 2013.

Save as disclosed in this First Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen 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 http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCA-IMI.html and on the official website of the Irish Stock Exchange at www.ise.ie and all documents incorporated by reference herein are available on the official website of the Issuer at http://www.bancaimi.com/bancaimi/en/chi-siamo/bilanci-e-relazioni.html and on the official website of the Irish Stock Exchange at www.ise.ie.

2. SUMMARY OF THE PROGRAMME

I. Section B "**Issuers and Guarantor"** on page 12 of the Summary of the Programme in the Base Prospectus shall be replaced by the following:

As a result of the approval of both the audited financial statements for the financial year ending 31 December 2013 and the unaudited financial statements as at and for the three months ending 31 March 2014, as stated above, the Section B "Issuers and Guarantor" of the "Summary of the Programme" in the Base Prospectus is no longer correct and the current information is set out in the amended "Summary of the Programme" in Schedule 1 hereto.

II. Element D.2 "**Key risks specific to the Issuer**" of section D "**Risks**" on page 22 of the Summary of the Programme in the Base Prospectus shall be replaced by the following:

The paragraph "Factors that may affect the Issuer's ability to fulfil its obligations under Certificates issued under the Programme" of the section "Risk Factors" on page 27 of the Base Prospectus (please see paragraph 3 "Risk Factors" of this First Supplement) has been updated, therefore the Element D2 "Key risks specific to the Issuer" of section D "Risks" of the Summary of the Programme in the Base Prospectus is no longer correct and has been updated accordingly, as set out in the amended "Summary of the Programme" in Schedule 1 hereto.

III. Paragraph "**U.S. Foreign Account Tax Compliance Withholding**" of Element D.6 "**Key risks specific to the securities**" of section D "**Risks**" on page 25 of the Summary of the Programme in the Base Prospectus shall be amended as follows:

As a result of the latest legislative innovations concerning foreign account tax compliance provisions (**FATCA**), the paragraph "U.S. Foreign Account Tax Compliance Withholding" of Element D.6 "Key risks specific to the securities" of section D "Risks" of the Base Prospectus (please see paragraph 3 "Risk Factors" of this First Supplement) has been updated accordingly, as set out in the amended "Summary of the Programme" in Schedule 1 hereto.

3. **RISK FACTORS**

I. The paragraph "**Factors that may affect the Issuer's ability to fulfil its obligations under Certificates issued under the Programme**" of the section "**Risk Factors**" on page 27 of the Base Prospectus shall be replaced by the following:

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

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

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

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

Disruptions and volatility in the global and the Euro-zone financial markets may adversely impact Banca IMI's business

From August 2007, the global financial system has experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Following a period of stabilisation in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in certain EU countries. Despite rescue packages provided to certain of these countries during the past years, uncertainty over the outcome of these measures and worries about sovereign finances continued to persist, which, together with concerns about the overall stability and sustainability of the euro area, resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Standard & Poor's, Moody's and Fitch have repeatedly downgraded the credit ratings of several EU countries. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. Even though market conditions have improved somewhat, the developments in the financial markets were driven mainly by central bank initiatives and markets remained volatile with uncertainty about future macroeconomic developments. It cannot be excluded that, for example, a further deterioration of public finances of certain European countries would lead to new funding uncertainty, resulting in increased volatility, and a potential tightening of liquidity conditions in the future widening credit spreads. Risks related to the European economic crisis have also had, and are likely to continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Banca IMI's ability to access capital and liquidity on financial terms acceptable to it. Further, as Banca IMI's businesses and revenues are mainly derived from operations in the Italian and Euro-zone markets, they may be subject to negative fluctuations as a result of the above considerations. There can be no assurance that Banca IMI will not suffer losses in the future arising from its trading activities or operations in the Italian and Euro-zone markets. In addition, there is no assurance that the debt crisis in the Euro-zone will not affect Banca IMI’s liquidity sources and funding capabilities.

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

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

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

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

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

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

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

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

Banca IMI’s business is exposed to counterparty credit risk

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

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

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

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

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

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

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

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

Banca IMI’s business is exposed to settlement risk and transfer risk

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

Banca IMI’s business is exposed to market risk

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

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

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

Banca IMI's business is exposed to operational risks

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

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

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

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

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

Banca IMI's business is exposed to liquidity risk

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

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

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

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

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

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

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

Legal risks

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

As at 31 December 2013, provisions for risks and charges are in the amount of approximately €29,800,000.

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

Risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value

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

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

Future changes in the fair value of financial assets or liabilities and/or their classification, also due to changes in market conditions and/or reduction of volumes traded on the markets resulting in a lower significance of exchange prices, may have significant negative effects on the operating income and/or on the Issuer's economic and financial position and/or net assets.

In addition, accounting standard setters and those who interpret the accounting standards (such as banking regulators and our outside auditors) may change or even reverse their previous interpretations or positions on how these standards should be applied. These changes can be hard to predict and can materially impact how Banca IMI records and reports its financial condition and results of operations. In some cases, Banca IMI could be required to apply a new or revised standard retroactively, resulting in the Issuer restating prior period financial statements.

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

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

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

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

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

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

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

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

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

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

Banca IMI's business is exposed to Reputational Risk

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

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

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

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

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

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

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

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

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

Under the Single Supervisory Mechanism (“SSM”), the European Central Bank has been granted direct powers of supervision over banks resident in the Euro area and other Member States that are part of the Banking Union with the responsibility to ensure inter alia consistent application of legal provisions across the Euro Area. The Issuer belongs to the Intesa Sanpaolo Group, which is one of the Italian banking groups that will be monitored by the European Central Bank from November 2014.

On 15 April 2014, the European Parliament adopted the Bank Recovery and Resolution Directive (“BRRD”) and the Single Resolution Mechanism Regulation (“SRM”), establishing a common European framework on the reorganization and resolution of the crisis of credit institutions and investment firms, with the primary intention (i) to safeguard the main functions of ailing banks, avoiding at the same time, governmental interventions and (ii) to ensure that the resolution of the crisis of credit institutions and investment firms supervised under the SSM may be managed efficiently with minimal costs for the real economy. These measures include in particular the establishment of a single recovery and resolution regime for credit institutions and a mechanism (so-called bail-in) through which the credit institution's losses in a crisis situation are transferred to shareholders and certain creditors (including also unsubordinated bond holders and, within certain limits, holders of deposits) through conversion of their claims in equity instruments, and as a result of such conversion, cancellation or substantial reduction of their existing claims.

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

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

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

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

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

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

Banca IMI is exposed to risks associated with a reduction in the support actions for the banking and financial system

The crisis experienced from 2007 by the global financial system, associated with the tightening of the capital and liquidity requirements under Basel III has made it necessary the adoption of certain support measures to the banking and financial system, mainly aimed to ensure adequate levels of capital and liquidity and to weather the most acute stages of the Euro-zone crisis. These support measures have directly involved both the States (by equity injection in banks' capital or by provision of credit support in respect of medium term banks' funding)) and the Central Banks (by refinancing transactions, including long-term transactions, backed by eligible collateral assets, a wider range of securities eligible as collaterals for refinancing transactions, reduction in the refinancing rate, purchase of public debt instruments of Euro-zone countries).

There can be no assurance as to the duration of said support actions and how far-reaching they might be. A significant reduction in or the failure to take support actions by governments and central authorities may lead to a significant reduction in market liquidity and/or to higher costs, which may have a material adverse effect on the Banca IMI 's business, financial condition and results of operations.

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

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

As at 31 December 2013 the Issuer's exposure to financial derivatives was EUR 38.9 billion against overall financial assets for Euro 137.7 billion.

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

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

II. At the end of paragraph "**U.S. Foreign Account Tax Compliance Withholding**" of Element D.6 "**Key risks specific to the securities**" of section D "**Risks**" on page 43 of the Base Prospectus shall be added the following:

On 10 January 2014, representatives of the Governments of Italy and the United States signed an intergovernmental agreement to implementing FATCA in Italy (the "**IGA**"). The FATCA agreement between Italy and the United States should enter into force on 1st July 2014. However, in order to enter in force, the IGA must be ratified by the Italian Parliament through an Italian law provision and the relevant implementing provision shall hence subsequently be approved. On 30 June 2014 the Italian Government approved a draft law for the ratification of the IGA, however as at the present date the Parliament has not yet approved it and thus ratified the IGA.

4. DOCUMENTS INCORPORATED BY REFERENCE

The section "**Documents incorporated by reference**" on page 48 of the Base Prospectus shall be replaced by the following:

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

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

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

2. The audited company financial statements and the audited consolidated financial statements of the Issuer for the financial year ending 31 December 2013:

	2013 Company Financial Statements	*2013 Consolidated Financial Statements*
Balance sheet (Statement of financial position)	Pages 70-71	Page 274
Income statement	Page 72	Page 275
Changes in shareholders' equity	Page 74	Page 277
Statement of cash flows	Page 76	Pages 278-279
Accounting principles and explanatory notes	Pages 80-223	Pages 283-373
Auditors' report	Pages 231-232	Pages 377-378

3. The unaudited company financial statements and the unaudited consolidated financial statements of the Issuer as at and for the three months ending 31 March 2014:

	Company Financial Statements as at 31 March 2014	*Consolidated Financial Statements as at 31 March 2014*
Balance sheet (Statement of financial position)	Page 49	Page 44
Income statement	Page 51	Page 46

Changes in shareholders' equity	Page 53	Page 48

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

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

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

5. DESCRIPTION OF THE ISSUER

The section "**Description of the Issuer**" on page 116 of the Base Prospectus shall be replaced by the following:

History of the Issuer

The Issuer is a banking institution established under Italian law. It is the result of a number of reorganisations, which have resulted in:

(i) the merger of the securities companies which operated under the names of Caboto Sim – Società di Intermediazione Mobiliare S.p.A. and Caboto Società di Intermediazione Mobiliare S.p.A. within the former Banca Intesa banking group into Banca Primavera S.p.A., a bank duly authorised by the Bank of Italy, which then changed its corporate name into Banca Caboto S.p.A., effective from 1 January 2004. Banca Caboto S.p.A. was then as resulting entity the investment bank of the former Banca Intesa banking group; and

(ii) the merger of Banca d'Intermediazione Mobiliare IMI S.p.A., the investment bank of the former Sanpaolo IMI banking group, into Banca Caboto S.p.A., which then changed its corporate name into Banca IMI S.p.A., effective from 1 October 2007.

The merger by incorporation referred to at paragraph (ii) above was part of a broader rationalisation of the business and companies belonging to the former Banca Intesa and Sanpaolo IMI banking groups upon merger of the two banking group in the Intesa Sanpaolo banking group effective 1 January 2007.

The Intesa Sanpaolo Group is the result of the merger effective 1 January 2007 of Sanpaolo IMI S.p.A. with Banca Intesa S.p.A. The former Banca Intesa banking group, prior to the merger, was also the result of a series of mergers, having been brought into existence in 1998 by the merger of Cariplo and Ambroveneto, followed in 1999 by the public exchange offer for 70 per cent. of Banca Commerciale Italiana, which was merged by incorporation in 2001. The former Sanpaolo IMI group was the result of the merger of Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano in 1998, and of the subsequent integration of Banco di Napoli, in 2000 and of Gruppo Cardine, in 2002.

On 29 July 2009 Banca IMI S.p.A.'s extraordinary shareholders' meeting resolved in favour of a capital increase of Euro 750 million, including any premium price, which capital increase was subscribed by the sole shareholder Intesa Sanpaolo S.p.a. by contributing the *Investment Banking* business division to Banca IMI, thereby completing the integration of Banca Caboto and Banca IMI.

Legal and Commercial Name of the Issuer

The legal and commercial name of the Issuer is Banca IMI S.p.A., or in short form IMI S.p.A.

Place of Registration and Registration Number of the Issuer

The Issuer is registered with the Companies' Register of Milan under No. 04377700150. The Issuer is also registered with the Register of Banks held by the Bank of Italy under No. 5570 and is part of the Intesa Sanpaolo Banking Group, which is registered with the Register of Banking Groups (*Albo dei Gruppi Bancari)* and a member of the Interbank Deposit Protection Fund (*Fondo Interbancario di Tutela dei Depositi*).

Date of Establishment and Duration of the Issuer

The Issuer was established on 29 March 1979 by a notarial deed of the Notary public Landoaldo de Mojana. The duration of the Issuer is until 31 December 2100 and may be extended by an extraordinary resolution of the shareholders' meeting, passed with the quorum provided for by law.

Legal Status, Registered office and Share Capital of the Issuer

The Issuer is an Italian bank established as a company limited by shares (*società per azioni*). The Issuer is incorporated and carries out its business under Italian law. The Courts of Milan have jurisdiction in respect of any disputes. The Issuer, both as a bank and as a member of the Intesa Sanpaolo banking group, is subject to the Bank of Italy's prudential supervision. The Issuer is a company belonging to the Intesa Sanpaolo Group, of which Intesa Sanpaolo S.p.A. is the parent company, and is subject to the management and co-ordination of its sole shareholder, Intesa Sanpaolo S.p.A.

The registered and administrative office of the Issuer is in Largo Mattioli, 3 20121 Milan, with telephone number +39 02 72611. The Issuer has offices in Rome and a branch in London, at 90 Queen Street, London EC4N 1SA, United Kingdom.

At 31 December 2011, the Issuer's issued and paid–up share capital amounted to €962,464,000, divided into 962,464,000 ordinary shares. The shares are in registered form and each share entitles to one vote. Intesa Sanpaolo S.p.A. holds directly 100 per cent. of the fully subscribed and paid up share capital of the Issuer.

Independent Auditors

The Issuer's shareholders' general meeting held on 20 December 2011 resolved to appoint KPMG S.p.A., with registered office at Via V. Pisani, 25, 20121 Milan, as independent auditors of the Issuer for the annual and half-yearly non-consolidated and consolidated financial statements of the Issuer for each financial year in the nine year period 2012-2020.

The KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2012 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2012 were issued without qualification or reservation.

The KPMG S.p.A.'s audit reports on the Issuer's unconsolidated financial statements for the financial years ending 31 December 2013 and on the Issuer's consolidated financial statements for the financial year ending 31 December 2013 were issued without qualification or reservation.

OVERVIEW OF ACTIVITIES

Description of the Issuer's main activities activities

The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies.

The Issuer's business is divided into four business divisions: *Capital Markets, Finance & Investments, Investment Banking* and *Structured Finance.*

The *Capital Markets* division operates as market maker for government bonds and leading Italian and European debt instruments and listed derivatives; it offers to clients the full range of trading and brokerage services in derivatives and cash instruments, specialised consultancy services for companies, banks and financial institutions in relation to the management of financial risks, assistance to banks and financial institutions in relation to the structuring of investment products targeted to retail customers, equity financing securities lending and prime brokerage services and financial products placement.

The *Finance & Investments* division operates funding and treasury activities, as well as investment and proprietary portfolio management activities.

The *Investment Banking* division provides placing and arranging services for equity, debt instruments and hybrid instruments as well as consultancy and advisory services in respect of merger, acquisition, divestment and restructuring transactions.

The *Structured Finance* division provides to corporate borrowers leveraged and acquisition finance lending services, project finance lending (both in the domestic and in the international market), tailor-made structured finance, special financing services, market risk management through syndication, market placement of syndicated transactions, real estate financial advisory and real estate structured financings.

The Issuer is mainly active in the Italian financial market and, to a lesser extent, in other European Union and U.S. markets.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Board of Directors

The Issuer's Board of Directors is composed, pursuant to the by-laws of the Issuer, of a minimum of seven and a maximum of eleven members appointed by the shareholders of Banca IMI S.p.A.

The current Board of Directors of Banca IMI S.p.A. is composed of eleven members.

The following table specifies the name, position and the main activities carried out outside the Issuer (if relevant with regard to the Issuer) of the members of the Board of Directors:

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Fabio Roversi Monaco Chairman	Chairman of IMI Investimenti S.p.A. Chairman of Mandarin Capital Management SGR Chairman of Telecom Italia Media
Giangiacomo Nardozzi Tonielli Deputy Chairman	Professor of Economics at the Politecnico of Milan
Gaetano Miccichè Managing Director and Chief Executive Officer	General Manager of Intesa Sanpaolo S.p.A Member of the Board of Directors of Prada S.p.A. Member of the Board of Directors of Telecom Italia S.p.A. Member of the Board of Directors of Alitalia – Compagnia Aerea Italiana S.p.A. Member of the Board of Directors of Pirelli S.p.A.
Massimo Mattera Board Member	Member of the Board of Directors of Cassa di Risparmio di Civitavecchia Member of the Board of Directors of Cassa di

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
	Risparmio della Provincia di Viterbo
Vincenzo De Stasio Board Member	Professor at the University, Faculty of Law of Bergamo
Luigi Arturo Bianchi Board Member	Professor of Company Law at the Bocconi University, Milan
Aureliano Benedetti Board Member	
Paolo Grandi Board Member	Chairman of Banca Prossima S.p.A. Member of the Board of Directors of Cassa di Risparmio di Firenze S.p.A. Member of the Board of Directors of Intesa Sanpaolo Vita S.p.A. Member of the Board of Directors of Eurizon Capital SGR Member of the Board of Directors of SIA S.p.A. Chairman of Intesa Sanpaolo Holding International SA Luxembourg
Fabio Buttignon Board Member	Member of the Board of Directors of Valentino Fashion Group S.p.A. Member of the Board of Directors of Autostrade Brescia Verona Vicenza Padova Member of the Board of Directors of Serenissima Partecipazioni S.p.A. Member of the Board of Directors of A4 Holding S.p.A. Professor at the University, Marco Fanno, Padova
Stefano del Punta Board Member	Member of the Board of Directors of MTS S.p.A. Member of the Board of Directors of F.I.T.D. – FONDO INTERBANCARIO DI TUTELA DEI DEPOSITI
Francesco Papadia	Chairman of Prime Collateralised Securities (PCS) UK

NAME AND POSITION	PRINCIPAL ACTIVITIES PERFORMED OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Board Member	Limited

The Board of Directors was appointed by the shareholders' meeting held on 17 April 2013 except for members of the Board of Directors Stefano del Punta and Francesco Papadia both co-opted on 23 January 2014 (appointment confirmed by the shareholders' meeting held on 29 April 2014) to replace the resigning members Giuliano Asperti and Carlo Messina, respectively remained in office until 1 October 2013 and 13 December 2013. The current Board of Directors will expire upon approval of the financial statements as at 31 December 2015.

For the purposes of their positions at Banca IMI S.p.A., the members of the Board of Directors set out above are domiciled at the offices of Banca IMI, in Milan.

No Executive Committee has been appointed.

Managing Director and Chief Executive Officer

Gaetano Miccichè, born in Palermo on 12 October 1950, has held the position of Managing Director and Chief Executive Officer of the Issuer since 23 April 2013 and will do so until the end of his term of office (approval of the financial statements as at 31 December 2015).

General Manager

Mauro Micillo, born in Desenzano del Garda on 19 January 1970, has held the position of General Manager of the Issuer since 1 January 2014.

Board of Statutory Auditors

The Board of Statutory Auditors of Banca IMI S.p.A. is composed, pursuant to the by-laws of the Issuer, of three standing statutory auditors and two alternate statutory auditors.

The current Board of Statutory Auditors of Banca IMI S.p.A. was appointed by the shareholders' meeting held on 17 April 2013 and is composed of three standing statutory auditors and two alternate statutory auditors.

The current Board of Statutory Auditors will expire upon approval of the financial statements as at 31 December 2015.

The following table specifies the name, position and the main activities carried out outside the Issuer (if relevant with regard to the Issuer) of the members of the Board of Statutory Auditors:

NAME AND POSITION	MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Gianluca Ponzellini Chairman	Member of the Supervisory Board of parent company Intesa Sanpaolo S.p.A. Chairman of the Board of Statutory Auditors of De' Longhi S.p.A. Standing Auditor of G.S. S.p.A. Standing Auditor of Telecom Italia S.p.A.
Stefania Mancino	Standing Auditor of Italgas S.p.A.

NAME AND POSITION	MAIN ACTIVITIES CARRIED OUT OUTSIDE THE ISSUER WHERE RELEVANT WITH REGARD TO THE ISSUER
Standing statutory auditor	
Riccardo Rota Standing statutory auditor	Standing Auditor of IMI Investimenti S.p.A. Standing Auditor of Martini & Rossi S.p.A. Chairman of the Board of Statutory Auditors of certain Companies in the Fiat Group
Carlo Bertola Alternate statutory auditor	Standing Auditor of Angelo Moratti S.a.p.A. Standing Auditor of Fratelli Fontana S.p.A.
Alessandro Cotto Alternate statutory auditor	Standing Auditor of Intesa Sanpaolo Vita S.p.A. Standing Auditor of IN.FRA S.p.A. -

For the purposes of their positions at Banca IMI S.p.A. the members of the Board of Statutory Auditors set out above are domiciled at the offices of Banca IMI S.p.A., in Milan.

Conflicts of interest of members of the Board of Directors and the Board of Statutory Auditors

As at the date of publication of this Base Prospectus, based on the duties of disclosure of directors and statutory auditors pursuant to article 2391 of the Italian civil code and article 136 of Legislative Decree no. 385/1993, the Issuer is not aware of any potential conflicts of interest between the obligations of the member of the board of directors to the Issuer and their private obligations and/or interests.

LEGAL AND ARBITRATION PROCEEDINGS

Banca IMI operates in a legal and regulatory environment that exposes it to potentially significant litigation and other risk. As a result, Banca IMI is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, including the impact on the operations or financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expenses and distraction of legal proceedings, Banca IMI may, based on a cost benefit analysis, enter into a settlement even though Banca IMI denies any wrongdoing. The administrative, legal or arbitration proceedings that may have or that have recently had a material effect on the Issuer’s financial condition or profitability are described below.

As of 31 December 2013 provisions for risks and charges are in the amount of approximately €29,800,000.

Tax Litigation

Tax audits by Italian Inland Revenue refer to the fiscal years 2003 to 2006 for the former Banca d’Intermediazione Mobiliare IMI, and years 2004 to 2006 for the former Banca Caboto.

At the date of this Base Prospectus, tax assessment notices received for the years 2003–2006 demanded an approximate total of 66 million euro in taxes, fines and interest. Litigation primarily concerns equity trading and other matters connected with typical capital market and investment banking transactions and, to a much lesser degree, corporate governance. The Bank has appealed against the tax assessments, challenging findings that are groundless or based on disputed interpretations of tax law, or which in some cases conflict with the letter of those laws. At the date of this Base Prospectus, no final ruling had been handed down on any of the fiscal years disputed.

Recently, tax audits were conducted by the Italian Tax Police (*Guardia di Finanza*) on the fiscal years 2008, 2009 and 2010. In general terms, the audits addressed matters taken up with many other Italian banks and which have become rather run of the mill in certain operating segments. Specifically, the matters concerned accusations of “abuse of process” over alleged links between futures and cash instruments tied to listed equities. For the years under examination up to the end of 2012, the audit investigated the application of substitute tax to a very small number of medium and long-term corporate loans.

In addition, Italian Inland Revenue conducted checks, involving questionnaires, on charges incurred in relation to entities domiciled in black-listed countries and reported in tax statements for the fiscal years 2006, 2007 and 2008. The charges relate primarily to differentials paid on derivatives listed on Asian regulated markets and OTC derivatives stipulated with premier banking counterparties and, to a lesser extent, to trading fees and commissions on securities and other financial instruments, paid to intermediaries on markets for cash instruments.

At the end of December 2013, a settlement agreement was reached through alternative dispute resolution mechanisms for the fiscal year 2008, entailing a payment of approximately 3.3 million euro to settle claimed tax arrears of some 35 million euro (taxes, withholdings and fines). Although convinced of the groundlessness of the claim, the decision to settle the dispute was taken with a view to avoiding a long and costly litigation over a specific matter of marked uncertainty. As at the date of this Base Prospectus, no tax assessment notices have been received for subsequent fiscal years. The settlement agreement for fiscal year 2008 also covered charges declared in relation to black-listed countries, entailing payment of approximately 0.1 million euro in arrears due on charges not accruing, versus an original claim of 113 million euro.

As concerns the question of substitute tax, in relation to a claim for approximately 10 million euro, in January a first payment notice was received for which payment was made of 2.8 million euro in taxes; the amount is also payable by the entities financed. An appeal has been filed against the validity of the payment notice.

A total of approximately 21 million euro in provisional deposits was paid in relation to tax litigation pending at 31 December 2013; the entire amount was deducted from tax provisions allocated, with no credit entry charged. The provisional deposits were paid in compliance with specific legislative provisions governing tax litigation. The amounts will be deducted from the final claim awarded in the event of defeat, or refunded in the event of a ruling in favour of Banca IMI.

Additional provisions allocated to the relevant fund, cover the contingent tax liability estimated and residual tax credits recognised in accounts in relation to taxes and withholdings for which a refund has been requested.

Cirio Group Litigation

In early April 2007, ten companies belonging to the Cirio Group in receivership (*amministrazione straordinaria*) commenced legal proceedings against Intesa Sanpaolo S.p.A., the former Banca Caboto S.p.A. (now Banca IMI S.p.A.), and five other financial intermediaries, claiming jointly and severally damages arising from:

- the arrangement of, and participation in, six bond issuances by companies belonging to the Cirio Group during the period from 2000 to 2002, which bond issuances were alleged to have increased the financial difficulties of the relevant issuers. Relevant damages were claimed, using three different criteria, for an amount of €2,082 million (on the basis of the first criterium), or the lower amount of €1,055 million (on the basis of the second criterium) or €421 million (on the basis of the third criterium);

- the loss of opportunity to bring bankruptcy claw-back actions, for undetermined amounts, as a result of the delay in the financial difficulties of the Cirio Group companies becoming known; and

- the payment of commissions in an aggregate amount of €9.8 million in relation to the placement activities rendered in respect of certain bond issuances.

The former Banca Caboto S.p.A. (now Banca IMI) opposed to the claim and requested a hearing to be scheduled to discuss the case with a view to avoiding lengthy negotiations and swiftly achieving a resolution of the dispute.

Further to a judgment delivered on September 2009, the Court of Rome rejected the plaintiffs' claims and ordered the reimbursement of costs incurred. The plaintiffs have appealed against this sentence, and both Intesa Sanpaolo and Banca IMI have appeared before the appeal court and have asked for the appeal to be thrown out. The appeal process is currently ongoing.

Formerly Schering-Plough Corporation (currently, Merck & Co) Litigation

During April 2008, the Arkansas Teachers' Pension Fund brought a class action before the District Court of New Jersey, United States of America, in connection with the public offer in August 2007 of 57,500,000 ordinary shares and 10,000,000 newly issued preference shares in the company Schering-Plough Corporation (subsequently merged, in November 2009, with Merck & Co and renamed Merck & Co upon completion of the merger), for a total value of USD 4 billion. Schering-Plough Corporation was a U.S. company that manufactures and distributes pharmaceutical products and which in November 2009 merged with Merck & Co, another U.S. pharmaceutical company, and adopted the name Merck & Co. The pre-merger company Banca IMI S.p.A., with registered office at Corso Matteotti 6, 20121, Milan, had acted, in respect of the offer of ordinary shares only, as a member of the underwriting syndicate, with commitments of 0.25 per cent. of the total amount of ordinary shares offered.

The action was brought against the issuer, formerly, Schering-Plough Corporation (currently, Merck & Co), its senior management and the members of its Board of Directors, as well as the members of the underwriting syndicates for the offer of ordinary and preference shares (including Banca IMI S.p.A.), on the basis of the claim that the offer documents had failed to disclose to investors information regarding a clinical trial carried out in April 2006, of which the issuer was aware, that had resulted in the finding that two anti-cholesterol products manufactured and distributed by the former Schering-Plough Corporation together with the former Merck & Co., Inc., and the sales of which constituted a significant share of the Schering-Plough Corporation's turnover, were essentially ineffective. It is claimed that the results of the clinical trial were only disclosed to the public by the Schering-Plough Corporation in January 2008 and led to a significant decline in the market value of Schering's shares on the relevant stock exchanges, amounting to a decrease in the stock price of approximately 25 per cent..

The claim was brought against the issuer, Schering-Plough Corporation (currently, Merck & Co), its senior management and members of its Board of Directors and against the members of the underwriting syndicates of the above-mentioned offers, on the grounds that, in accordance with applicable U.S. laws regarding liability for inaccurate information or omissions in public offer documents, such banks were jointly liable with the issuer to investors.

The class action was joined with similar proceedings brought before the same District Court by other U.S. public pension funds.

On February 2013 the plaintiffs and the defendants have agreed to settle the class action against payment of a sum to be paid exclusively by Merck & Co. (currently, Schering-Plough Corporation), excluding any obligations for the member of the underwriting syndicates, including Banca IMI, subject to the approval of the csettlement by the competent District Court. The relevant settlement agreement was executed in June 2013 and approved by the United States District Court of New Jersey in October 2013. Against such approval an investor filed an appeal, which was rejected in April 2014.

Lehman Brothers Holdings Inc. Litigation

During October 2008, the Issuer was called as defendant, together with former executives of Lehman Brothers Holdings Inc. and other financial intermediaries, in a class action brought by a private investor before the

Garland County District Court in the State of Arkansas (USA). The action was in connection with the Issuer's participation as a member of the underwriting syndicate in a public offering of subordinated bonds issued in October 2006 by Lehman Brothers Holdings Inc.. Lehman Brothers Holdings Inc. was the parent company of the Lehman Brothers Group and listed on the New York Stock Exchange, and was one of the leading US financial groups operating at global level until September 2008, in the fields of capital markets, investment banking and structured finance. The Issuer had acted as a member of the underwriting syndicate, with commitments of 1 per cent. of the total amount of the bonds offered.

The proceedings were brought on the grounds that the offer documentation and the documents incorporated by reference therein failed to disclose to investors the significant risks assumed by, and the significant exposure of, Lehman Brothers Holdings Inc. in the real estate sector and its derivatives business; risks and exposure which, as a result of the adverse trend in the financial markets, led in September 2008 to Lehman Brothers Holdings Inc. filing for bankruptcy protection pursuant to Chapter 11 of the US Federal Bankruptcy Code.

The proceedings were brought against both the senior management and members of the Board of Directors of Lehman Brothers Holdings Inc., and the members of the underwriting syndicate involved in the above-mentioned offer (including Banca IMI S.p.A.), on the grounds that, in accordance with applicable U.S. laws regarding liability for inaccurate information or omissions in public offer documents, the latter were jointly liable with the issuer to investors.

The class action was transferred to the district court of the State of New York to be joined with numerous similar proceedings pending before various US district courts, brought by numerous private, public and institutional investors, and is currently pending before the court of first instance. On 6 April 2010 the claimants reformulated their requests, stating that the period concerned for the purposes of the submission of the claims in the class action was between 12 June 2007 and 15 September 2008 (whereas, as stated above, the transaction in which the Banca IMI S.p.A. participated was prior to such period) consequently excluding Banca IMI from such action as eventually reformulated.

However, on November 2011 the claimant of the initial action raised up its requests again against, *inter alios*, former executives of Lehman Brothers Holdings Inc. and other financial intermediaries, including Banca IMI, by reformulating them in a new class action, joined with similar proceedings having the same subject brought before the District Court of New York as well. On December 2012, the District Court of New York has fully repealed the claimant's requests. Against this sentence, the claimant has appeared before the appeal court and have asked for the appeal to be thrown out. The appeal was rejected by the Court on October 2013.

With regard to the Issuer's participation as a member of the underwriting syndicate in the above-mentioned public offering of subordinated bonds issued in October 2006 by Lehman Brothers Holdings Inc., the Issuer was also called as defendant in May 2008, together with former corporate executives of Lehman Brothers Holdings Inc. and other financial intermediaries, in an individual legal action brought by a US public pension fund before the court of Thurston county in the State of Washington (USA).

The individual action was joined with similar proceedings having the same subject brought before the District Court of New York. In August 2013 the plaintiff and the defendants (including Banca IMI) agreed to settle the action; the settlement agreement has been then approved by a the District Court in September 2013.

SARAS Litigation

In March 2011, a number of private investors served a summons on Banca IMI, together with SARAS S.p.A. – Raffinerie Sarde, the Chairman and the Managing Director of SARAS S.p.A. and auditing firm Pricewaterhouse Coopers S.p.A. to appear before the Civil Court of Milan for alleged liability for inaccurate information in the public offer document published on 21 April 2006 related to the sale and subscription of SARAS S.p.A. ordinary shares and their admission to trading on the electronic shares exchange market (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana S.p.A. The company, formerly Banca Caboto S.p.A., had acted as the Lead Manager of the public offer, sponsor and co-global coordinator.

The legal action is currently pending before the court of first instance.

Icelander Banks Landsbanki Islands hf., Glitnir Banki hf., Kaupthing hf. Litigation

On the second half of 2008, the U.S. economic and financial crisis, already appeared from August 2007, and culminated in the failure of Lehman Brothers Holdings Inc., the fourth American investment bank at the time, on September 2008, determined a general economic crisis worldwide and in particular with reference to the European economy. In particular the liquidity crisis of the international markets has had serious adverse effects on the three most important Icelandic banks Landsbanki Islands hf., Kaupthing hf. and Glitnir Banki hf., also in respect of their over dimension, high exposure to the global stock market, high dependence on liquidity loans on the international markets and high dimension of foreign currency loans. On October 2008, Icelandic authorities took legislative emergency measures granting extraordinary power to the prudential regulation authority and all the three banks were submitted to insolvency proceeding according to Icelandic Legislation.

Banca IMI has held residual relationship with such banks in the context of the bank's activities of trading intermediation on financial instruments. Furthermore Banca IMI has dealt with Glitnir Banki hf in relation to a limited number of operations concerning derivative financial instruments (swaps) which, as a result of the submission of Glitnir Banki hf to insolvency proceeding, were terminated by Banca IMI, with a subsequent almost full setoff (the "**SetOff**") between the credit position of Glitnir Banki hf *vis-a-vis* Banca IMI resulting from such swaps early termination and the credit position of Banca IMI *vis-a-vis* Glitnir Banki hf resulting from the ownership of some bonds issued by Glitnir Banki hf and from a banking loan relationship transferred to Banca IMI by a subsidiary of its banking group.

In particular the submission to insolvency crisis procedure has determined, as consequence, the right for the administrative bodies of the insolvency procedure of the above mentioned Icelandic banks, to bring clawback actions on the operations carried out in the course of the six months before the submission to the insolvency procedure.

Therefore Banca IMI has been called as defendant by liquidators of Kaupthing hf and Landsbanki Islands hf. in connection with a requested clawback of certain sale and purchase trades of bonds issued by such entities between Banca IMI as vendor and the relevant Icelandic bank as buyer during the six months period before the submission to insolvency proceeding, for an aggregate value of approximately EUR 3,85 million. Banca IMI has also been called as defendant by liquidators of Glitnir Banki hf. in connection with a requested partial clawback of the mentioned SetOff between the credit positions of Banca IMI and Glitnir Banki hf.

The legal actions initiated by the liquidators of Kaupthing hf and Landsbanki Islands hf. in connection with the clawback are currently pending before the courts of first instance. In relation to the legal actions promoted by the liquidators of Glitnir Banki hf., in March 2014 a settlement agreement has been entered by the parties.

SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER

The following table contains certain selected solvency figures relating to the Issuer on a non-consolidated basis as at 31 December 2013, compared to corresponding figures as at 31 December 2012.

	31 December 2013	**31 December 2012**
Tier 1 / Total risk-weighted assets	14.67%[1]	13.41%
Core Tier 1 ratio	14.67%	13.41%
Total equity / Total risk-weighted assets	14.67%	13.52%

[1] The ratio is determined taking into account the reduction of 25% of capital requirements applicable to banks belonging to banking groups, in consistency with 2012. Without taking into account such reduction the ratio is equal to 11.04% for the year 2013 compared to 10.1% for the year 2012

	31 December 2013	31 December 2012
Regulatory capital (in EUR millions)		
Tier 1 capital	2,698.4	2,789.1
Tier 2 capital		2.3
Total capital	2,698.4	2,811.0

The following table contains certain selected credit quality figures relating to the Issuer on a non-consolidated basis as at 31 December 2013, compared to corresponding figures as at 31 December 2012.

Non-performing loans to customers / total loans to customers	16.90%	3.80%
Net impairment on loans to customers / performing loans to customers	1.20%	1.70%
Gross doubtful exposures / gross exposures	0.47%	0.17%
Net doubtful exposures / net exposures	0.14%	0.04%
Gross non-performing exposures / gross exposures	5.03%	2.05%
Net non-performing exposures / net exposures	3.90%	1.69%
Non-performing exposures coverage ratio	23.62%	18.48%
Doubtful exposures coverage ratio	70.14%	77.98%
Net doubtful exposures / equity	1.26%	0.25%

The following table contain certain selected income statement and balance sheet figures extracted from the Issuer's audited non-consolidated financial statements for the financial year ending 31 December 2013, compared with corresponding figures for the financial year ending 31 December 2012.

Income Statement Figures

	31 December 2013	31 December 2012	Percentage Variation
	(EUR million)		*(per cent.)*
Net interest income	561.0	560.9	0.0
Total income	1,261.0	1,462.4	-13.8
Operating expenses	353.3	349.4	1.1
Net financial income	992.7	1,352.5	-26.6

	31 December 2013	31 December 2012	Percentage Variation
	(EUR million)		*(per cent.)*
Pre-tax profit from continuing operations	458.7[2]	1,003.0	-54.3
Profit for the year	144.7	641.0	-77.4

Balance Sheet Figures

	31 December 2013	31 December 2012	Percentage variation
	(EUR million)		*(per cent.)*
Net investments[3]	28,623.7	22,584.8	26.7
Net revenue	31,829.3	26,471.0	20.2
Indirect revenue		-	n.a.
Financial assets	61,425.4	75,938.7	-19.1
Total assets	137,743.8	151,428.9	-9.0
Net equity	3,142.9	3,382.3	-7.1
Share Capital	962.5	962.5	0.0

The following table contains certain selected credit quality figures relating to the Issuer on a consolidated basis as at 31 December 2013, compared to corresponding figures as at 31 December 2012.

Non-performing loans to customers / total loans to customers	16.90%	3.80%
Net impairment on loans to customers / performing loans to customers	1.20%	1.70%
Gross doubtful exposures / gross exposures	0.47%	0.17%
Net doubtful exposures / net exposures	0.14%	0.04%
Gross non-performing exposures / gross exposures	5.04%	2.06%
Net non-performing exposures / net exposures	3.91%	1.69%

[2] The pre-tax profit from continuing operations incorporate the write-downs of Euro 194.1 millions relating to goodwill in connection with Structured Finance business unit.

[3] The aggregate amount consist of customer receivables and gains on financial assets held for trading, net of financial liabilities held for trading.

Non-performing exposures coverage ratio	23.62%	18.48%
Doubtful exposures coverage ratio	70.14%	77.98%
Net doubtful exposures / equity	1.30%	0.25%

The following table contain certain selected income statement and balance sheet figures extracted from the Issuer's audited consolidated financial statements for the financial year ending 31 December 2013, compared with corresponding figures for the financial year ending 31 December 2012.

Income Statement Figures

	31 December 2013	**31 December 2012**	**Percentage variation**
	(EUR million)		*(per cent)*
Net interest income	569.4	567.1	0.4
Total income	1,277.4	1,475.4	-13.4
Operating expenses	366.7	362.2	1.2
Net financial income	1,009.2	1,364.9	-26.1
Pre-tax profit from continuing operations	466.2[4]	1,007.1	-53.7
Profit for the year	146.9	642.5	-77.1

Balance Sheet Figures

	31 December 2013	**31 December 2012**	**Percentage variation**
	(EUR million)		*(per cent)*
Net investments	28,676.9	22,653.2	26.6
Net revenue	31,781.6	26,435.7	20.2
Indirect revenue	-	-	n.a.
Financial assets	61,451.7	75,973.7	-19.1
Total assets	138,061.1	151,792.5	-9.0
Net equity	3,236.1	3,477.1	-6.9
Share Capital	962.5	962.5	0.0

[4] The pre-tax profit from continuing operations incorporate the write-downs of Euro 194.1 millions relating to goodwill in connection with CGU Finanza Strutturata

RECENT EVENTS

On 14 May 2014 the Board of Directors of Banca IMI approved the quarterly financial statements as at 31 March 2014.

The following table contains certain selected solvency indicators relating to the Issuer on a non-consolidated basis as at 31 March 2014.

	31 March 2014
Common Equity Tier 1 (CET1) (in EUR millions)	Euro 2,585.6
Additional Tier 1 (AT1) (in EUR millions)	-
Tier 2 (T2) (in EUR millions)	-
Total capital (in EUR millions)	Euro 2,585.6
Risk-weighted assets (in EUR millions)	Euro 24,545.0
Total capital ratio	10.53%
Risk-weighted assets/Total assets	16.99%

The regulatory capital and the capital ratios in the table above were calculated in accordance with the provisions in force since 1 January 2014, the date on which entered into force the supervisory rules following the Basel III directives.

The following table contains certain selected credit quality figures relating to the Issuer on a non-consolidated basis as at 31 March 2014, compared to corresponding figures as at 31 December 2013.

Non-performing loans to customers / total loans to customers	17.00%	16.90%
Net impairment on loans to customers / performing loans to customers	1.70%	1.20%
Gross doubtful exposures / gross exposures	0.39%	0.47%
Net doubtful exposures / net exposures	0.13%	0.14%
Gross non-performing exposures / gross exposures	4.76%	5.04%
Net non-performing exposures / net exposures	3.74%	3.91%
Non-performing exposures coverage ratio	22.65%	23.62%
Doubtful exposures coverage ratio	67.36%	70.14%
Net doubtful exposures / equity	1.18%	1.30%

The following table contain certain selected income statement and balance sheet figures on a non-consolidated basis extracted from the Issuer's interim financial statements for the quarterly month period ending 31 March 2014, compared with corresponding figures for the financial year ending 31 December 2013 (as to the balance sheet figures) or with the quarterly month period ending 31 March 2013 (as to income statement figures).

Income Statement Figures

	31 March 2014	**31 March 2013**	**Percentage Variation**
	(EUR thousand)		*(per cent.)*
Net interest income	167,764.7	129,644.6	29.4
Total income	418,590.7	369,877.0	13.2
Operating expenses	96,531.1	89,164.9	8.3
Net financial income	377,998.6	320,573.7	17.9
Pre-tax profit from continuing operations	281,467.5	231,408.8	21.6
Profit for the period	178,467.5	146,408.8	21.9

Balance Sheet Figures

	31 March 2014	**31 December 2013**	**Percentage variation**
	(EUR million)		*(per cent.)*
Net investments	30,072.6	28,623.7	5.1
Net revenue	33,968.4	31,829.3	6.7
Indirect revenue	-	-	n.a
Financial assets	66,587.0	61,425.4	8.4
Total assets	144,428.0	137,743.8	4.9
Net equity	3,329.2	3,142.9	5.9
Share Capital	962.5	962.5	0.0

The following table contains certain selected credit quality figures relating to the Issuer on a consolidated basis as at 31 March 2014, compared to corresponding figures as at 31 December 2013.

Non-performing loans to customers / total loans to customers	17.00%	16.90%
Net impairment on loans to customers / performing loans to customers	1.70%	1.20%

Gross doubtful exposures / gross exposures	0.39%	0.47%
Net doubtful exposures / net exposures	0.13%	0.14%
Gross non-performing exposures / gross exposures	4.75%	5.03%
Net non-performing exposures / net exposures	3.72%	3.90%
Non-performing exposures coverage ratio	22.65%	23.62%
Doubtful exposures coverage ratio	67.36%	70.14%
Net doubtful exposures / equity	1.14%	1.26%

The following table contain certain selected income statement and balance sheet figures on a consolidated basis extracted from the Issuer's interim financial statements for the quarterly month period ending 31 March 2014, compared with corresponding figures for the financial year ending 31 December 2013 (as to the balance sheet figures) or with the quarterly month period ending 31 March 2013 (as to income statement figures).

Income Statement Figures

	31 March 2014	**31 March 2013**	**Percentage variation**
	(EUR thousand)		*(per cent)*
Net interest income	168,101	129,822	29.5
Total income	424,929	371,774	14.3
Operating expenses	99,726	92,410	7.9
Net financial income	384,337	322,471	19.2
Pre-tax profit from continuing operations	285,396	230,919	23.6
Profit for the period	180,496	145,036	24.4

Balance Sheet Figures

	31 March 2014	**31 December 2013**	**Percentage variation**
	(EUR million)		*(per cent)*
Net investments	30,188.3	28,676.9	5.3
Net revenue	33,957.9	31,781.6	6.8
Indirect revenue	-	-	n.a
Financial assets	66,624.7	61,451.7	8.4

	31 March 2014	31 December 2013	Percentage variation
	(EUR million)		*(per cent)*
Total assets	144,927.8	138,061.1	5.0
Net equity	3,424.4	3,236.1	5.8
Share Capital	962.5	962.5	0.0

Such information is not indicative of the Issuer's future performance. There is no guarantee that any future negative performance by the Issuer will not adversely affect the regular provision of investment services by the Issuer or the Issuer's ability to perform its payment obligations on any contractual due dates.

OVERVIEW OF THE FINANCIAL INFORMATION

Audited Consolidated Annual Financial Statements

The annual financial information below as at and for the years ended 31 December 2013 and 31 December 2012 has been derived from the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013 (the **2013 Annual Financial Statements**) that include comparative figures as at and for the year ended 31 December 2012. The 2013 Annual Financial Statements have been audited by KPMG S.p.A., auditors to Banca IMI S.p.A., who issued their audit report on 2 April 2014.

Incorporation by Reference

The annual financial statements referred to above are incorporated by reference in this Prospectus (see "*Information Incorporated by Reference*"). The financial information set out below forms only part of, should be read in conjunction with and is qualified in its entirety by reference to the above-mentioned annual financial statements, together with the accompanying notes and auditors' reports.

Accounting Principles

The annual and half-yearly financial statements of the Issuer have been prepared in accordance with the accounting principles issued by the International Accounting Standards Board and the relative interpretations of the International Financial Reporting Interpretations Committee, otherwise known as International Financial Reporting Standards, as adopted by the European Union under Regulation (EC) 1606/2002. The half-yearly financial statements of the Issuer have been prepared in compliance with International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2013 and 31 December 2012.

Assets	**31 December 2013**	**31 December 2012**
	(EUR thousand)	
Cash and cash equivalents	2	3

Assets	**31 December 2013**	**31 December 2012**
	(EUR thousand)	
Financial assets held for trading	55,329,273	69,231,420
Available-for-sale financial assets	6,122,475	6,714,432
Due from banks	54,664,821	56,403,295
Loans to customers	20,364,686	17,398,110
Hedging derivatives	551,671	1,091,276
Equity investments	12,208	13,535
Property and equipment	1,218	751
Intangible assets	355	194,183
of which:		
- goodwill	-	*194,070*
Tax assets	610,740	294,290
a) current	*414,174*	*101,558*
b) deferred	*196,566*	*192,732*
Other assets	403,696	451,340
Total Assets	**138,061,145**	**151,792,635**

CONSOLIDATED ANNUAL BALANCE SHEET

The annual financial information below includes comparative figures as at and for the years ended 31 December 2013 and 31 December 2012.

Liabilities and Equity	**31 December 2013**	**31 December 2012**
	(EUR thousand)	
Due to banks	44,973,642	42,471,641
Due to customers	12,527,587	7,602,384
Securities issued	28,945,210	32,764,994
Financial liabilities held for trading	47,017,075	63,969,708
Hedging derivatives	475,201	674,160
Tax liabilities	429,630	392,734
a) current	*395,883*	*366,462*
b) deferred	*33,747*	*26,272*

Liabilities and Equity

	31 December 2013	31 December 2012
	(EUR thousand)	
Other liabilities	418,353	407,355
Post-employment benefits	8,569	9,199
Provisions for risks and charges	29,805	23,680
a) pensions and similar obligations	*12*	*12*
b) other provisions	*29,793*	*23,668*
Fair value reserves	10,497	(106,208)
Reserves	1,534,957	1,396,770
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	146,895	642,494
Total Liabilities and Equity	**138,061,145**	**151,792,635**

CONSOLIDATED ANNUAL INCOME STATEMENT

The annual financial information below includes comparative figures as at and for the years ended 31 December 2013 and 31 December 2012.

	31 December 2013	31 December 2012
	(EUR thousand)	
Interest and similar income	2,212,227	2,382,980
Interest and similar expense	(1,642,834)	(1,815,889)
Net interest income	**569,393**	**567,091**
Fee and commission income	439,605	399,258
Fee and commission expense	(243,743)	(178,332)
Net fee and commission income	**195,862**	**220,926**
Dividends and similar income	94,676	334,347
Profits (Losses) on trading	263,136	246,636
Profit (Losses) on hedging	7,364	17,467
Profits (Losses) on disposal or repurchase of:	147,013	114,034
a) loans and receivables	*3,944*	*3,499*
b) available-for-sale financial assets	*178,197*	*123,954*

	31 December 2013	31 December 2012
	(EUR thousand)	
c) held-to-maturity investments	-	-
d) financial liabilities	*(35,128)*	*(13,419)*
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	-	(25,062)
Total income	**1,277,444**	**1,475,439**
Impairment losses/reversal of impairment losses on:	(268,286)	(110,549)
a) loans and receivables	*(239,566)*	*(105,228)*
b) available-for-sale financial assets	*(3,604)*	-
c) held-to-maturity investments	-	-
d) other financial assets	*(25,116)*	*(5,321)*
Net financial income	**1,009,158**	**1,364,890**
Net banking and insurance income	**1,009,158**	**1,364,890**
Administrative expenses	(359,982)	(350,581)
a) personnel expenses	*(114,825)*	*(131,760)*
b) other administrative expenses	*(245,157)*	*(218,821)*
Net accruals to provision for risks and charges	(10,000)	(16,000)
Depreciation and net impairment losses on property and equipment	(319)	(358)
Amortisation and net impairment losses on intangible assets	(65)	(31)
Other operating income (expenses)	3,687	4,771
Operating expenses	**(366,679)**	**(362,199)**
Net gains on sales of equity investments	17,839	4,396
Impairment of goodwill	(194,070)	-
Pre-tax profit from continuing operations	**466,248**	**1,007,087**
Income tax expense	(319,353)	(364,593)
Post-tax profit from continuing operations	**146,895**	**642,494**
Profit for the year	**146,895**	**642,494**
Profit (loss) attributable to non-controlling interests	-	-
Profit attributable to the owners of the parent	**146,895**	**642,494**

6. TAXATION

The second paragraph "**Taxation in the Republic of Italy**" of the section "**Taxation**" on page 176 of the Base Prospectus shall be replaced by the following:

Taxation in the Republic of Italy

The following is a general discussion of current Italian law and practice relating to the taxation of the Securities.

The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Securities.

As each Series or Tranche of Securities may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Securities as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.

Italian taxation of the Securities

Pursuant to Article 67 of the Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Securities are subject to a substitute tax (*imposta sostitutiva*).

Pursuant to Law Decree 24 April 2014 No. 66 ("**Decree No. 66**"), published on the Official Gazette n. 95 of 24 April 2014 and converted into Law No. 89 of 23 June 2014, published on the Official Gazette n. 143 of 23 June 2014 , the *imposta sostitutiva* referred to above applies at a rate of 20 per cent. on capital gains realized until 30 June 2014 and at the higher rate of 26 per cent. on capital gains realized starting from 1 July 2014.

The recipient may opt for one of the three regimes described below:

(1) Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Securityholder, holding Securities not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Under Decree No. 66 capital losses in excess of capital gains realized prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08 per cent. of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92 per cent. of their amount.

(2) As an alternative to the tax declaration regime, Italian resident individual Securityholders holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under Decree No. 66 capital losses in excess of capital gains realized, within the same securities management, prior to 31 December 2011 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 48.08 per cent. of their amount; whilst capital losses realized from 1 January 2012 to 30 June 2014 may be carried forward against capital gains realized after 1 July 2014 only to the extent of 76.92 per cent. of their amount Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.

(3) Any capital gains realised by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to substitute tax to be paid by the managing authorised intermediary. Said substitute tax is levied at 20 per cent. on the annual increase accrued up to 30 June 2014 and at 26 per cent. on the annual increase accrued since 1 July 2014. Under the *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. According to Decree No. 66 the decrease in value accrued prior to 31 December 2011 may be carried forward against 48.08 per cent. of its amount, whilst the decrease in value accrued from 1 January 2012 to 30 June 2014 may be carried forward against increase in value of the managed assets accrued after 1 July 2014 only to the extent of 76.92 per cent. of its amount. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or a similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to Italian corporate tax (and, in certain circumstances, depending on the "status" of the Securityholder, also as a part of the net value of production for IRAP purposes).

Any capital gains realised by a Securityholder which is an open-ended or closed-ended investment fund (subject to the tax regime provide by Law No. 77 of 23 March 1983) (the “Fund”) or a SICAV will not be subject to the *imposta sostitutiva*. The proceeds distributed by the Fund or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units will be taxed on the investors who subscribe the quotas of the Funds or the shares of the SICAV on a distribution basis.

Any capital gains realised by a Securityholder which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11.00 per cent. (increasing to 11.5per cent. for the sole 2014 fiscal year) ad hoc substitute tax.

Capital gains realised by non-Italian-resident Securityholders are not subject to Italian taxation, provided that the Securities (i) are traded on regulated markets, or (ii) are held outside of Italy. Moreover, even if the Certificates are held in Italy, no *imposta sostitutiva* applies if the non-Italian resident Securityholder is resident for tax purposes in a country which recognises the Italian tax authorities' right to an adequate exchange of information or in a country which entered into a double taxation treaty with Italy allowing for the taxation of such capital gains only in the residence country of the recipient Securityholder, provided that the relevant procedures and conditions are met.

Atypical securities

According to a certain interpretation of Italian tax law there is the possibility that, on the basis of certain features of the Securities, the Securities would be qualified for tax purposes as atypical securities and will be subject to the provisions of Article 5 of law Decree No. 512 of 30 September 1983. As a consequence, payments relating to these Securities shall be subject to a withholding tax (final or on account depending on the "*status*" and tax residence of the Securityholder) levied by the Issuer or by the entity performing the payments related to the Securities on behalf of the Issuer. Pursuant to Decree No. 66, such withholding tax is levied at 20 per cent. on payments becoming due until 30 June 2014 and at 26 per cent. on payments becoming due after 1 July 2014. Where the Securityholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Securities are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases the withholding tax is a final withholding tax.

Inheritance and gift tax

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;

(ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding € 100,000; and

(iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

Transfer tax

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of €200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications which may be sent by financial intermediaries to a Securityholder in respect of any Securities which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1 per cent. for the year 2012, at 0.15 per cent. for 2013 and at 0.20 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Securities held. The stamp duty cannot exceed EUR 14,000 for non-individual holders of securities only.

Based on the interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Securityholders, to the extent that the Securities are held with an Italian-based financial intermediary.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Securities outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2012, at 0.15 per cent. for 2013 and at 0.20 per cent. for subsequent years.

This tax is calculated on the market value of the Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

Financial Transaction Tax

Pursuant to Article 1, para. 491 and followings of Law No. 228 of 24 December 2012, the Italian Parliament introduced a financial transaction tax ("**FTT**") which applies to (a) the transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the just mentioned shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the "**Relevant Securities**"), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transactions on the securities (as set forth by article 1, paragraph 1-bis, letters c) and d), of the Legislative Decree No. 58 of 24 February 1998), (iii) which allow to mainly purchase or sell one or more Relevant Securities or (iv) implying a cash payment determined with main reference to one or more Relevant Securities.

Warrants and certificates are expressly included in the scope of application of the FTT if they meet the requirements set out above.

With specific reference to the transactions on securitised derivatives on the Relevant Securities (such as the certificates) the FTT is due, as of 1 September 2013, regardless of the tax residence of the parties and/or where the transaction is executed.

The FTT is levied at a fixed amount that varies depending on the nature of the relevant instrument and the notional value of the transaction, and ranges between EUR 0.01875 and EUR 200 per transaction.

The amount of FTT payable is reduced to 1/5 of the standard rate in case the transaction is performed on regulated markets or multilateral trading facilities of an EU Member States and of the SEE, included in the so-called white list to be set out by a to-be-issued Ministerial Decree pursuant to Article 168-bis of Presidential Decree No. 917 of 22 December 1986 (for the time being reference shall be made to countries not qualifying as black list countries for Italian tax purposes).

The FTT on derivatives is due by each of the parties to the transactions. The FTT is not applied where one of the parties to the transaction is the European Union, the BCE, central banks of the EU Member States, foreign Central Banks or entities which manage the official reserves of a foreign State, or international bodies or entities set up in accordance with international agreements which have entered into force in Italy. Further specific exemptions exist, inter alia, for (i) subjects who carry on market making activities; (ii) mandatory social security entities and pension funds set up according to Legislative Decree No. 252 of 5 December 2005; and (iii) intragroup transfers of the Relevant Securities.

The FTT shall be levied, and subsequently paid, to the Italian Revenue by the subject (generally a financial intermediary) that is involved, in any way, in the performance of the transaction. If more than one subject is involved in the execution of the transaction, the FTT is payable by the subject who receives the order of execution by the ultimate purchaser or counterparty. Intermediaries that are not resident in Italy but are liable to collect the FTT from the taxpayers and to pay it to the Italian Revenue can appoint an Italian tax representative for the purposes of the FTT. If no intermediary is involved in the performance of the transaction, the FTT must be paid directly by the taxpayers.

For further information about the EU Financial Transaction Tax please refer to the following paragraph 18.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of April 18, 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

7. **GENERAL INFORMATION**

I. Paragraph (4) "**Documents available**" of the section "**General Information**" on page 219 of the Base Prospectus shall be replaced by the following:

Documents Available

For so long as any Securities remain outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified offices of the Principal Security Agent in Luxembourg and the registered office of the Issuer by electronic means, save that item (iv) will be available for inspection only:

(i) the constitutional documents of the Issuer;

(ii) the audited non-consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 2012 and the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 2012;

(iii) the most recently published audited annual consolidated and non-consolidated financial statements and the most recently published unaudited semi-annual consolidated and non-consolidated financial statements (if any) of the Issuer;

(iv) the Agency Agreement and the forms of the Global Securities;

(v) a copy of this Base Prospectus;

(vi) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the relevant Security Agent as to its holding of Securities and identity) and any other documents incorporated herein or therein by reference; and

(vii) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

A copy of this Base Prospectus (and the information incorporated by reference therein) has been published on the websites of the Irish Stock Exchange (www.ise.ie), the Central Bank of Ireland (http://www.centralbank.ie) and of the Issuer (http://retailhub.bancaimi.com/retailhub/DOCUMENTAZIONE-LEGALE/PROSPETTI-BANCAIMI. html). Any Final Terms that are listed on the Irish Stock Exchange will be published on the website of the Irish Stock Exchange (iwww.ise.ie). Any Final Terms that are not listed on the Irish Stock Exchange but which relate to a Security which is offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be published on the website of the Issuer only.

II. Paragraph (7) "**Significant or Material Adverse Change**" of the section "**General Information**" on page 219 of the Base Prospectus shall be replaced by the following:

There has been no significant change in the financial or trading position of the Issuer since 31 March 2014 and there has been no material adverse change in the prospects of the Issuer since 31 December 2013.

III. Paragraph (10) "**External Auditors**" of the section "**General Information**" on page 219 of the Base Prospectus shall be replaced by the following:

KPMG S.p.A., with registered office at Via V. Pisani, 25, 20121 Milan, was appointed by the Issuer as its independent auditor to audit its financial statements for the period 2012-2020. KPMG S.p.A. is a member of Assirevi-Associazione Nazionale Revisori Contabili, the Italian association of auditing firms. KPMG S.p.A. audited the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2012, and the company financial statements and consolidated financial statements of the Issuer for the financial year ending 31 December 2013 which are incorporated by reference in this Base Prospectus.

8. 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 July 2014

SCHEDULE 1

SUMMARY OF THE PROGRAMME

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

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

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

Section A – INTRODUCTION AND WARNINGS	
A.1	*This summary should be read as an introduction to the Base Prospectus.* *Any decision to invest in the Certificates should be based on consideration of the Base Prospectus as a whole by the investor.* *Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.* *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.*
A.2	*Certain Tranches of Certificates with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Public Offer.* ***Consent:*** *Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Certificates by (i) the Distributor(s), whose name(s) are listed in the applicable Final Terms and whose name(s) is(are) published on the Issuer's website and identified as an Authorised Offeror(s) in respect of the relevant Public Offer; and/or (ii) any financial intermediary which is authorised to make such offers under the applicable legislation implementing Directive 2004/39/EC (MiFID) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information):* *"We, [insert name of financial intermediary], refer to the [insert title of relevant Certificates] (the* ***Certificates****) described in the Final Terms dated [insert date] (the* ***Final Terms****) published by Banca IMI S.p.A. (the* ***Issuer****). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Certificates in [specify each Relevant Member State in which the particular Tranche of Certificates can be offered] (the* ***Offer****) in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".* *(each an* ***Authorised Offeror****).* ***Offer period****: The Issuer's consent referred to above is given for Public Offers of Certificates during the offer period for the Certificates to be specified in the applicable Final Terms (the* ***Offer Period.****)* ***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 Certificates in the Relevant Member State in which the particular Tranche of Certificates can be offered, as specified in the applicable Final Terms, and (c) is valid according to any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms.* ***AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY CERTIFICATES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH CERTIFICATES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.***

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/**	The Issuer is incorporated as a società per azioni with limited liability under the laws of the Republic of Italy. Its registered office is at Largo Mattioli 3, 20121 Milan, with telephone number +39 02 72611[1].

[1] The First Supplement has amended this Element B.2 "Domicile/ Legal Form/ Legislation/ Country of Incorporation" removing the registration number of the Issuer with the Companies' Register of Milan as this exceeded the requirements of the Element.

	Country of Incorporation	
B.4b	**Description of trends**	*Not applicable*. 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(s)**	The Issuer is a company belonging to the Intesa Sanpaolo banking group, of which Intesa Sanpaolo S.p.A. is the parent company.
B.9	**Profit forecast/estimate**	*Not applicable*. No profit forecasts or estimates have been made in the Base Prospectus.
B.10	**Qualifications in the audit report**	*Not applicable*. No qualifications are contained in any audit report included in the Base Prospectus.
B.12	**Selected historical key information / material adverse change/ significant changes[2]**	**SELECTED FINANCIAL AND BALANCE SHEET FIGURES RELATING TO THE ISSUER** The audited consolidated balance sheets and income statements as of, and for each of the years ended, 31 December 2012 and 2013 and certain unaudited consolidated selected income statement and selected balance sheet figures for the three months ending 31 March 2014 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 2013 compared with corresponding figures for the year ending 31 December 2012[3]

Assets	**31 December 2013**	**31 December 2012**
	(EUR thousand)	
Cash and cash equivalents	2	3
Financial assets held for trading	55,329,273	69,231,420
Available-for-sale financial assets	6,122,475	6,714,432
Due from banks	54,664,821	56,403,295
Loans to customers	20,364,686	17,398,110
Hedging derivatives	551,671	1,091,276
Equity investments	12,208	13,535
Property and equipment	1,218	751
Intangible assets	355	194,183
of which:		
- goodwill	-	*194,070*
Tax assets	610,740	294,290
a) current	*414,174*	*101,558*
b) deferred	*196,566*	*192,732*
Other assets	403,696	451,340
Total Assets	**138,061,145**	**151,792,635**

Liabilities and Equity	**31 December 2013**	**31 December 2012**
	(EUR thousand)	
Due to banks	44,973,642	42,471,641
Due to customers	12,527,587	7,602,384
Securities issued	28,945,210	32,764,994
Financial liabilities held for trading	47,017,075	63,969,708
Financial liabilities at fair value through profit and loss	-	-
Hedging derivatives	475,201	674,160
Tax liabilities	429,630	392,734
a) current	*395,883*	*366,462*

[2] As a result of the approval of the audited financial statements for the financial year ending 31 December 2013 and the unaudited financial statements as at and for the three months ending 31 March 2014, the First Supplement has added certain information regarding the Issuer. Therefore this Element B.12 of Section B "Issuers and Guarantor" of the "Summary of the Programme" in the Base Prospectus has been updated accordingly.

[3] As a result of the approval of the audited financial statements for the financial year ending 31 December 2013 the First Supplement has added new Issuer's audited Consolidated Balance Sheets statements for the year ending 31 December 2013 compared with corresponding figures for the year ending 31 December 2012.

b) deferred	*33,747*	*26,272*
Other liabilities	418,353	407,355
Post-employment benefits	8,569	9,199
Provisions for risks and charges	29,805	23,680
a) pensions and similar obligations	*12*	*12*
b) other provisions	*29,793*	*23,668*
Fair value reserves	10,497	(106,208)
Reserves	1,534,957	1,396,770
Share premium reserve	581,260	581,260
Share capital	962,464	962,464
Equity attributable to non-controlling interests (+/-)	-	-
Profit for the year	146,895	642,494
Total Liabilities and Equity	**138,061,145**	**151,792,635**

Audited Consolidated Income Statements for the year ending 31 December 2013 compared with corresponding figures for the year ending 31 December 2012[4]

	31 December 2013	**31 December 2012**
	(EUR thousand)	
Interest and similar income	2,212,227	2,382,980
Interest and similar expense	(1,642,834)	(1,815,889)
Net interest income	**569,393**	**567,091**
Fee and commission income	439,605	399,258
Fee and commission expense	(243,743)	(178,332)
Net fee and commission income	**195,862**	**220,926**
Dividends and similar income	94,676	334,347
Profits (Losses) on trading	263,136	246,636
Profit (Losses) on hedging	7,364	17,467
Profits (Losses) on disposal or repurchase of:	147,013	114,034
a) *loans and receivables*	*3,944*	*3,499*
b) *available-for-sale financial assets*	*178,197*	*123,954*
c) *held-to-maturity investments*	-	-
d) *financial liabilities*	*(35,128)*	*(13,419)*
Profits (Losses) on financial assets and liabilities at fair value through profit and loss	-	(25,062)
Total income	**1,277,444**	**1,475,439**
Impairment losses/reversal of impairment losses on:	(268,286)	(110,549)
a) *loans and receivables*	*(239,566)*	*(105,228)*
b) *available-for-sale financial assets*	*(3,604)*	-
c) *held-to-maturity investments*	-	-
d) other financial assets	(*25,116*)	*(5,321)*
Net financial income	**1,009,158**	**1,364,890**
Net banking and insurance income	**1,009,158**	**1,364,890**
Administrative expenses	(359,982)	(350,581)
a) *personnel expenses*	*(114,825)*	*(131,760)*
b) *other administrative expenses*	*(245,157)*	*(218,821)*
Net accruals to provision for risks and charges	(10,000)	(16,000)
Depreciation and net impairment losses on property and equipment	(319)	(358)
Amortisation and net impairment losses on intangible assets	(65)	(31)
Other operating income (expenses)	3,687	4,771
Operating expenses	**(366,679)**	**(362,199)**
Net gains on sales of equity investments	17,839	4,396
Impairment of goodwill	(194,070)	-
Pre-tax profit from continuing	**466,248**	**1,007,087**

[4] As a result of the approval of the audited financial statements for the financial year ending 31 December 2013 the First Supplement has added new Issuer's audited Consolidated Income Statements figures for the year ending 31 December 2013 compared with corresponding figures for the year ending 31 December 2012.

operations			
Income tax expense	(319,353)		(364,593)
Post-tax profit from continuing operations	**146,895**		**642,494**
Profit for the year	**146,895**		**642,494**
Profit (loss) attributable to non-controlling interests	-		-
Profit attributable to the owners of the parent	**146,895**		**642,494**

***Consolidated Income Statement Selected Figures for the three months ending 31 March 2014 compared with corresponding figures for the three months ending 31 March 2013*[5]**

	31 March 2014	**31 March 2013**	**Percentage variation**
	(EUR thousand)		*(per cent)*
Net interest income	168,101	129,822	29.5
Total income	424,929	371,774	14.3
Operating expenses	99,726	92,410	7.9
Net financial income	384,337	322,471	19.2
Pre-tax profit from continuing operations	285,396	230,919	23.6
Profit for the period	180,496	145,036	24.4

***Consolidated Balance Sheet Selected Figures for the three months ending 31 March 2014 compared with corresponding figures for the year ending 31 December 2013*[6]**

	31 March 2014	**31 December 2013**	**Percentage variation**
	(EUR million)		*(per cent)*
Net investments	30,188.3	28,676.9	5.3
Net revenue	33,957.9	31,781.6	6.8
Indirect revenue	-	-	n.a
Financial assets	66,624.7	61,451.7	8.4
Total assets	144,927.8	138,061.1	5.0
Net equity	3,424.4	3,236.1	5.8
Share Capital	962.5	962.5	0.0

***Statements of no significant or material adverse change*[7]**

There has been no significant change in the financial or trading position of the Issuer since 31 March 2014 and there has been no material adverse change in the prospects of the Issuer since 31 December 2013.

B.13	**Recent events impacting the Issuer's solvency**	Not applicable. At the date of approval of this Prospectus there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency[8].
B.14	**Issuer dependent upon other entities within the group**	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.15	**Description of the principal activities of the Issuer**	The Issuer is a banking institution established under the laws of the Republic of Italy engaged in investment banking activities. The Issuer is the investment banking arm and securities firm of Gruppo Intesa Sanpaolo and it offers a wide range of capital markets, investment banking and special lending services to a diversified client base including banks, companies, institutional investors, entities and public bodies. The Issuer's business is divided into four business divisions: *Capital Markets, Finance & Investments, Investment Banking* and

5 As a result of the approval of the unaudited financial statements as at and for the three months ending 31 March 2014 the First Supplement has added new Issuer's Consolidated Income Statements selected figures for the three months ending 31 March 2014 compared with corresponding figures for the three months ending 31 March 2013.

6 As a result of the approval of the unaudited financial statements as at and for the three months ending 31 March 2014 the First Supplement has added new Issuer's Consolidated Balance Sheet selected figures for the three months ending 31 March 2014 compared with corresponding figures for the three months ending 31 December 2013.

7 As a result of the approval of the unaudited financial statements as at and for the three months ending 31 March 2014 the First Supplement has added statements of (i) no significant change in the financial or trading position of the Issuer since 31 March 2014; and (ii) no material adverse change in the prospects of the Issuer since 31 December 2013.

8 The First Supplement has inserted the following words "*At the date of approval of this Prospectus*".

		Structured Finance.
B.16	**Control of Issuer**	The Issuer is a wholly-owned direct subsidiary of Intesa Sanpaolo S.p.A., the parent company of the Intesa Sanpaolo banking group.
		Section C – SECURITIES
C.1	**Type and class of securities being offered / Security identification number**	Each issue of Securities will on issue be represented by either a Temporary Global Security or a Permanent Global Security as indicated in the applicable Final Terms. The Temporary Global Security will be exchangeable either, in accordance with its terms, for a Permanent Global Security or for Definitive Securities. The Permanent Global Security will be exchangeable in limited circumstances for Definitive Securities. Each Temporary Global Security and each Permanent Global Security will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg. The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and shall be construed in accordance with, English Law. The ISIN of the Certificates will be specified in the applicable Final Terms.
C.2	**Currency**	Euro, U.S. dollars or any other currency or currencies selected by the Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Issuer may issue Securities in respect of which the Cash Amount and/or Remuneration Amount may be payable, as specified in the applicable Final Terms, in one or more currencies ("**Settlement Currency**" as specified in the applicable Final Terms) which may be different from the currency in which the Issue Price was denominated ("**Issue Currency**" as specified in the applicable Final Terms) (the **Dual Currency Securities**).
C.5	**Restrictions on free transferability**	There are restrictions on the offer, sale and transfer of the Securities in the United States and the European Economic Area (including the Republic of Italy, the United Kingdom, the Grand Duchy of Luxembourg, the Portuguese Republic, Germany, France, The Netherlands, Belgium, Spain, the Czech Republic, Hungary, Ireland, Poland, the Slovak Republic, Croatia and the Slovenian Republic) and such other restrictions as may be required in connection with the offering and sale of a particular series of Securities.
C.8	**Description of rights and ranking**	<u>SETTLEMENT AT EXERCISE DATE</u> Each Certificate entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount, where positive and an Early Redemption Event has not occurred (if applicable). <u>DIGITAL AMOUNT(S)</u> Upon the occurrence of one or more Digital Event(s) as specified more fully in the applicable Final Terms, the Certificates will entitle their holders to receive from the Issuer on the Digital Payment Date(s) the relevant Digital Amount(s). <u>EARLY REDEMPTION AMOUNT(S)</u> Upon the occurrence of an Early Redemption Event (if applicable pursuant to the relevant Final Terms), the Certificates will be redeemed before the Exercise Date originally scheduled and the Securityholders will receive from the Issuer on the Early Payment Date the Early Redemption Amount. <u>INTERNAL RETURN AMOUNT(S)</u> If so specified in the applicable Final Terms, each Certificate may pay an Internal Return Amount calculated on the performance of the specific Underlying indicated in the Final Terms. Such performance will be annualised for each Annual Valuation Date. <u>PLUS AMOUNT(S)</u> If so specified in the applicable Final Terms, each Certificate pays remuneration from and including the Issue Date payable in arrears on each Remuneration Payment Date. <u>RANKING</u> The Securities constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be performed by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.
C.11	**Trading of Certificates**	Application has been made to the Central Bank to approve this document as a base prospectus. Application has also been made to the Irish Stock Exchange for Securities issued under the Programme to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List of the Irish Stock Exchange. The Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the Issuer. The applicable Final Terms will state whether or not the relevant Securities are to be listed and/or admitted to trading and if so, on which stock exchange(s) and/or market(s).
C.15	**Description of how the value of the investment is affected by the value of the**	Underlying means, for each Series: (i) in the case of Certificates linked to one or more financial asset(s), the Share, the Index, the Commodity, the Commodity Futures Contract, the Exchange Rate, the Interest Rate and the Fund, as specified in the applicable Final Terms; (ii) in the case of Spread Certificates, two or more financial assets selected from the following Underlyings: Shares, Indexes, Commodities, Commodity Futures Contracts, Exchange Rates, Interest Rates, Funds and Baskets composed of the preceding Underlyings, and indicated respectively as "Underlying A" and

	underlying	"Underlying B" in the relevant Final Terms; (iii) in the case of Certificates linked to a Basket (as defined above), a Basket composed respectively of Shares, Indices, Commodities, Futures Contracts on Commodities, Exchange Rates, Interest Rates or Funds (each a Basket Constituent and indicated from time to time in the relevant Final Terms). In particular, the Certificates are linked to the performance of the Underlying and their value depends also on the volatility of such Underlying, the applicable interest rates, the time from the issue date and the correlation between the Basket Constituents (if the Underlying is a Basket).
C.16	**The expiration or maturity date of the derivative securities – the exercise date or final reference date**	Each Certificate shall be automatically exercised on the Exercise Date. Otherwise, they may be redeemed before the Exercise Date upon the occurrence of an Early Redemption Event if an Early Redemption Level is set out in the applicable Final Terms. The Exercise Date will be specified in the applicable Final Terms.
C.17	**Settlement procedure**	The Issuer shall pay or cause to be paid the relevant Cash Amount (if any) for each Certificate by credit or transfer to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, for value on the Settlement Date, less any Expenses not already paid, such payment to be made in accordance with the rules of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer's obligations will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg (as the case may be) of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular amount of the Certificates must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each such payment. Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA.
C.18	**Description of how the return on derivative securities takes place**	**DIGITAL AMOUNT(S)** A possible feature of the Certificates is represented by the Digital Event that will occur, in the relevant Digital Valuation Period(s), if the value of the Underlying is lower, equal to or higher than (as indicated in the relevant Final Terms) the Digital Level. If the Digital Event occurs, the investor will receive one or more Digital Amount(s) as specified in the relevant Final Terms. Such amounts may be fixed, increasing, decreasing or variable in relation to the relevant Digital Valuation Period as specified in the applicable Final Terms. A Determination Method of the Digital Event will be specified in the applicable Final Terms for the following: a) *Single Level Option,* if a single Digital Level has been provided for all the Digital Valuation Periods. Such Digital Level may be an increasing value, a decreasing value, or a variable value in relation to each applicable Digital Valuation Period; b) *Multiple Level Option,* if several Digital Levels in relation to the relevant Digital Valuation Period have been provided. In such case, in relation to each Digital Valuation Period, the relevant Final Terms will indicate the value of the "First Digital Level", the "Second Digital Level" and so on. In particular, if the value of the Underlying, in the relevant Digital Valuation Period, is lower, equal to or higher (as indicated in the relevant Final Terms) than the Digital Levels, the investor will receive the relevant Digital Amount; or c) *Cliquet Feature,* if the Digital Level is represented by a percentage of the Reference Value of the Underlying determined during the relevant Digital Valuation Period. In such case, the Digital Level will be updated by the Calculation Agent from time to time, and the Calculation Agent will determine the Reference Value of the Underlying: (i) in relation to the relevant Digital Valuation Period or (ii) only when the Digital Event has occurred, in the relevant Digital Valuation Period. In relation to the Spread Certificates, for the calculation of the Digital Amount, reference will be made to the Spread that indicates the difference between the performances of two financial activities (two shares or two indexes, etc.). Therefore, the Digital Level will be a percentage predetermined in the relevant Final Terms. In such case, the Digital Event will occur only if the Spread between Performance A and Performance B is lower, equal to or higher than the Digital Level. ***Specific calculation procedures in relation to the Digital Amounts*** Specific calculation procedures of the payable Digital Amount during the life of the Certificates may be provided jointly or separately in the relevant Series: *Consolidation Effect* The Certificates, if so specified by the Issuer in the relevant Final Terms, may provide an automatic activation option of the Digital Amounts eventually payable during the life of the Certificates.

		In particular, if several Digital Valuation Periods have been provided and the value of the Underlying is lower, equal to or higher than the Consolidation Level (as indicated in the relevant Final Terms) (that is a value indicated as a percentage of the Initial Reference Value, in addition to the Digital Level) in a Consolidation Valuation Period, the Digital Level will automatically occur without further determinations for all Digital Valuation Periods following such Consolidation Valuation Period. Therefore, the investor will benefit from the payment of all the amounts provided in relation to the Digital Valuation Periods following the Consolidation Valuation Period in which the Underlying has reached or exceeds the Consolidation Level. In relation to the Spread Certificates, for the calculation of the Digital Amount, reference will be made to the Spread that indicates the difference between the performances of two financial activities (two shares or two indexes, etc.). Therefore, the Consolidation Level will be a percentage predetermined in the relevant Final Terms. In such case, the conditions provided by the Consolidation Effect will occur only when the Spread between the performance of the Underlying A and the Underlying B is lower, equal to or higher (as indicated in the relevant Final Terms) than the Consolidation Level; and/or *Memory Effect* The Certificates, if so specified in the relevant Final Terms, may provide an option that takes into account the unpaid Digital Amounts during the life of the Certificates in the event that a Digital Event has not occurred. In particular, if several Digital Valuation Periods have been provided and the value of the Underlying is lower, equal to or higher than the so-called Memory Level (as indicated in the relevant Final Terms) (that is a value indicated as a percentage of the Initial Reference Value, in addition to the Digital Level) by a Memory Valuation Period, the investor will receive the previously unpaid Digital Amount (or the Digital Amounts) in the event that a Digital Event has not occurred. In relation to the Spread Certificates, for the calculation of the Digital Amount reference will be made to the so-called Spread that is a difference between the performances of two finance activities (two shares or two indexes, etc.). Therefore, the Memory Level will be a percentage predetermined in the relevant Final Terms. In such case, the conditions provided by the Memory Effect will occur only when the Spread between the performance of the Underlying A and the Underlying B is lower, equal to or higher than the Memory Level (as indicated in the relevant Final Terms). *Deactivation of the Digital Amount(s)* If so specified in the relevant Final Terms, the Certificates may provide the so-called "Knock-out" feature, which is a deactivation option of the Digital Amounts eventually payable during the life of the Certificates. In particular, if the value of the Underlying (or the Spread in event of Spread Certificates) during a Knock-out Valuation Period is lower, equal to or higher (as indicated in relevant Final Terms) than the relevant Knock-out Level (such event a "**Knock-out Event**"), the investor may not benefit from the payment of any Digital Amount during the Digital Valuation Periods following the Knock-out Valuation Period in which the Knock-out Event has occurred. The Knock-out Level will be indicated in the relevant Final Terms as a percentage of the Initial Reference Value (or as an independent percentage value in relation to the Spread Certificates) in addition to the Digital Level. The investors will be notified in the event of a Knock-out Event through a notice published on the website of the Issuer www.bancaimi.com. *Path Dependency Effect* If so specified in the relevant Final Terms, the Path Dependency Effect may be applicable. In this case, the Digital Amount may increase in relation to each Digital Valuation Period. Such increase will depend on the occurrence of the Digital Event(s) in the previous Digital Valuation Period(s). In particular, the increase will be calculated as the product of (i) a further amount linked to the Digital Amount and indicated as the Path Dependency Amount in the applicable Final Terms and (ii) a number which will be determined in relation to each Digital Valuation Period and which is equal to the number of the Digital Event(s) that have occurred from the first Digital Valuation Period (included) until the Digital Valuation Period on which such Digital Amount is calculated. **** **EARLY REDEMPTION AMOUNT** The Certificates, if so specified by the Issuer in the relevant Final Terms, may provide the possibility of an automatic early redemption if an Early Redemption Event has occurred. In particular, if the value of the Underlying (or of the Spread in the case of Spread Certificates) in relation to an Early Redemption Valuation Period is lower, equal to or higher than the Early Redemption Level (as indicated in the relevant Final Terms) the certificate will be automatically redeemed and the Securityholder will receive on the Early Payment Date the payment of the Early Redemption Amount. The Early Redemption Level will be indicated in the relevant Final Terms as a percentage of the Initial Reference Value (or as an independent percentage value in the case of Spread Certificates). If several Early Redemption Amounts are provided, the Final Terms will indicate the value or the relevant calculation methods in the relation to the "Early Redemption Amount in relation to the First Early Redemption Period", the "Early Redemption Amount in relation to the Second Early Redemption Period" and so on. **** **PLUS AMOUNT(S)** If so specified in the relevant Final Terms, the Certificates may provide the unconditional payment of the Plus Amount(s), allowing the investor, during the life of the Certificates or at the Exercise Date, to receive an additional amount which is not linked to the performance of the Underlying. The payment of such Plus Amount(s) does not affect the provisions for the calculation of the Digital Amount(s) provided by the relevant Final Terms.

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INTERNAL RETURN AMOUNT(S)

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

if the relevant Final Terms provide a IRA Cap:

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

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CASH SETTLEMENT AMOUNT

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

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

In the event of Non Quanto Certificates, if the Underlying Reference Currency is different from the Settlement Currency, the Cash Settlement Amount will be exchanged into the Settlement Currency at the applicable Exchange Rate.

At the Exercise Date the following scenarios may occur in relation to the structure and the pay-out provided by the Issuer in the relevant Final Terms:

A. STANDARD CERTIFICATES

In relation to such type, the investor will receive on the Settlement Date an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms.

B. MAX CERTIFICATES

(a) MAX LONG CERTIFICATES

In relation to such type, the investor will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount participating to the increasing performance of the Underlying depending on the Participation Factor.

If the relevant Final Terms provide a Cap Level:

In such case, the amount that the investor will receive on the Settlement Date may be equal to or higher than the percentage of the Initial Reference Value multiplied by the multiplier determined by the Issuer in the relevant Final Terms. In any case, such Cash Settlement Amount will not exceed the Cap Level multiplied by the multiplier.

(b) MAX SHORT CERTIFICATES

In relation to such type, the Securityholder will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount participating to the negative (decreasing) performance of the Underlying depending on the Participation Factor.

If the relevant Final Terms provide a Cap Level:

In such case, the investor will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms with the possibility of receiving a higher amount participating to the negative (decreasing)performance of the Underlying depending on the Participation Factor. In any case, the Cash Settlement Amount will not exceed the Cap Level multiplied by the multiplier.

C. SPREAD CERTIFICATES

(a) TYPE A SPREAD CERTIFICATES

In relation to such type, the investor will receive an amount linked to the average between: (i) a percentage of the Initial Reference Value of the Underlying A specified in the applicable Final Terms and (ii) a percentage of the Initial Reference Value of the Underlying B specified in the applicable Final Terms multiplied by the relevant multipliers.

(b) TYPE B SPREAD CERTIFICATES

In relation to such type, the investor will receive (1) an amount linked to the average between (i) a percentage of the Initial Reference Value of the Underlying A that will be specified in the applicable Final Terms and (ii) a percentage of the Initial Reference Value of the Underlying B that will be specified in the applicable Final Terms multiplied by the relevant multipliers and eventually (2) an amount linked to the Spread (if positive) depending on the Participation Factor.

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

In such case, the investor will receive (1) an amount linked to the average between (i) a percentage of the Initial Reference Value of the Underlying A that will be specified in the applicable Final Terms and (ii) a percentage of the Initial Reference Value of the Underlying B that will be specified in the applicable Final Terms multiplied by the relevant multipliers and eventually (2) an amount linked to the spread, if positive, depending on the Participation Factor that, in any case, will not be higher than the Cap Level.

		D. SWITCH CERTIFICATES In relation to such type, the formula for the calculation of the Cash Settlement Amount will depend on the occurrence of the Digital Event. If a Digital Event has occurred, the calculation procedure of the Cash Settlement Amount will be the same as the Standard Certificates; otherwise, if a Digital Event has not occurred, the calculation procedure of the Settlement Amount will be the same to the Max Long Certificates or the Max Short Certificates pursuant to the Final Terms. In particular: **(1) If the Digital Event has occurred during the life of the Certificates** In such case, the investor will receive at the maturity an amount linked to a percentage of the Initial Reference Value that will be specified in the applicable Final Terms. Consequentially, at least the payment of a percentage of the invested capital as specified in the Final Terms will be granted. **(2) If the Digital Event has not occurred during the life of the Certificates** *(a)* In such case,, the investor will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms, with the opportunity of receiving a higher amount participating to the increasing performance of the Underlying depending on the Participation Factor. **<u>If the relevant Final Terms provide a Cap Level:</u>** In such case, the amount that the investor will receive at the maturity will be equal to or higher than the percentage of the Initial Reference Value multiplied by the multiplier set out by the Issuer in the relevant Final Terms but in any case will not exceed the Cap Level multiplied by the multiplier. **or, alternatively,** *(b)* In such case, the investor will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms, with the possibility of receiving a higher amount participating to the negative (decreasing) performance of the Underlying depending on the Participation Factor. **<u>If the relevant Final Terms provide a Cap Level:</u>** In such case, the investor will receive in any case at least a percentage of the invested capital set out by the Issuer in the relevant Final Terms, with the possibility of receiving a higher amount participating to the negative (decreasing) performance of the Underlying depending on the Participation Factor but in any case will not exceed the Cap Level multiplied by the multiplier. ***E. GROWTH & INCOME CERTIFICATES*** In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount (if any) depending on the Participation Factor equal to the difference between: (i) the amount deriving from the positive performance of the Underlying and (ii) the sum of the Digital Amounts paid during the life of the Certificates the "**Digital Sum**"). Such further amount, where negative, in any case will not affect the invested capital that will be paid back at the maturity. **<u>If the relevant Final Terms provide a Cap Level:</u>** In such case,, the investor will receive at the maturity the capital invested plus an amount (if any) depending on the Participation Factor equal to the difference between: (i) the amount deriving from the positive performance of the Underlying, and (ii) the Digital Sum. Such further amount, where negative, in any case will not interfere on the invested capital that will be paid back on the Settlement Date. The total amount that the investor will receive on the Settlement Date will be in any case subject to a maximum level equal to the Cap Level multiplied by the Multiplier. ***F. TWIN WIN CERTIFICATES*** **a. If the Final Reference Value is higher than or equal to the Initial Reference Value:** In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount equal to the positive performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable regardless of whether a Barrier Event has occurred, provided that on the Valuation Date the <u>Final Reference Value is higher than or equal to the Initial Reference Value.</u> **<u>If the relevant Final Terms provide a Cap Level:</u>** In such case, the investor will receive on the Settlement Date the capital invested plus an amount equal to the positive performance of the Underlying multiplied by the Participation Factor. Such formula will be applicable regardless of the occurrence of the Barrier Event, provided that on the Valuation Date the <u>Final Reference Value is higher than, or equal to, the Initial Reference Value.</u> The total amount that the investor will receive on the Settlement Date will be in any case subject to a maximum level equal to the Cap Level multiplied by the Multiplier. **b. If the Final Reference Value is lower than the Initial Reference Value (and the Barrier Event, if applicable, has not occurred):** In relation to such type, the investor will receive on the Settlement Date the capital invested plus an amount equal to the negative performance of the Underlying multiplied by the Down Participation Factor. Therefore, the Twin Win Certificates will enable the investor to also profit from a negative performance of the Underlying. ***

		CALCULATION METHOD IN THE CASE OF NEGATIVE PERFORMANCE OF THE UNDERLYING – WITH A BARRIER LEVEL (BARRIER CERTIFICATES) **(1) BARRIER LEVEL IN THE CASE OF *STANDARD CERTIFICATES, MAX LONG CERTIFICATES, SWITCH CERTIFICATES, TWIN WIN CERTIFICATES AND GROWTH & INCOME CERTIFICATES*** In relation to Standard Certificates, Max Long Certificates, Switch Certificates, Twin Win Certificates and Growth & Income Certificates, if **a Barrier Level is provided in the applicable Final Terms and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated in accordance with the following formula: **(i) WITHOUT PROTECTION LEVEL, AIR BAG FACTOR OR SIGMA AMOUNT** In such case, the investor will receive on the Settlement Date an amount linked to the performance of the Underlying (i.e. the investment in the Certificate is a direct investment in the Underlying) and therefore might be exposed to the total or partial loss of the capital invested. **(ii) WITH A PROTECTION LEVEL** (*PROTECTED CERTIFICATES*) In such case, the protection of the capital invested will depend on the percentage of the Initial Reference Value that will be set out by the Issuer as the Protection Level. **(iii)** IN ABSENCE OF A PROTECTION LEVEL AND **WITH THE AIR BAG FACTOR** (*AIR BAG CERTIFICATES*) In such case, the investor will receive at the maturity an amount which is not directly proportionate to the performance of the Underlying due to the Air Bag Factor. Consequentially, the investment loss is lower than the loss in value of the Underlying. Such reduction of the loss decreases with the reduction of the Final Reference Value until the Final Reference Value is equal to zero. **(iv)** IN ABSENCE OF A PROTECTION LEVEL **AND WITH THE SIGMA AMOUNT** (*SIGMA CERTIFICATES*) In such case, whatever the performance linked to the Final Reference Value is, the investor will receive at least an amount equal to the Sigma Amount. **(2) *BARRIER LEVEL IN THE CASE OF SPREAD CERTIFICATES*** In relation to the Spread Certificates, if **a Barrier Level has been provided (indicated as a percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formula: (i) WITH THE LIMITED LOSS PERCENTAGE In such case, the amount that the investor will receive on the Settlement Date will depend on the Limited Loss Percentage set out in the relevant Final Terms by the Issuer; (ii) WITHOUT THE LIMITED LOSS PERCENTAGE AND **WITH THE SPREAD PROTECTION** In such case, the protection of the capital invested will depend on the percentage set out by the Issuer in the applicable Final Terms as the Protection Spread. (iii) WITHOUT THE LIMITED LOSS PERCENTAGE OR THE SPREAD PROTECTION The Cash Settlement Amount will be calculated pursuant to one of the following formulas and in accordance with the relevant Final Terms: *a. Amount linked to the Spread* In such case, the investor will receive on the Settlement Date an amount directly linked to the Spread (i.e. the differential registered between the performance of the Underlying A and the performance of the Underlying B) and therefore the investor might be exposed to the total or partial loss of the capital invested; or *b. Amount linked to the performance of the Underlying A* In such case, the investor will receive on the Settlement Date an amount linked to the performance of the Underlying A (i.e. the investment in the Certificate is a direct investment in the Underlying A) and therefore the investor might be exposed to the total or partial loss of the capital invested; or *c. Amount linked to the performance of the Underlying B* In such case, the investor will receive on the Settlement Date an amount linked to the performance of the Underlying B (i.e. the investment in the Certificate is a direct investment in the Underlying B) and therefore the investor might be exposed to the total or partial loss of the capital invested. **(3) *BARRIER LEVEL IN THE CASE OF MAX SHORT CERTIFICATES*** In relation to the Max Short Certificates, if **a Barrier Level has been provided (indicated as a percentage value) and a Barrier Event has occurred**, the Cash Settlement Amount will be calculated pursuant to the following formulas: (i) WITH THE SHORT PROTECTION (*PROTECTED CERTIFICATES*) In such case, the protection of the capital invested will depend on the amount that will be set out by the Issuer as the Short Protection. (ii) WITHOUT THE SHORT PROTECTION In such case, the investor will receive on the Settlement Date an amount linked to the performance of the

		Underlying (i.e. the investment in the Certificate is a direct investment in the Underlying) and therefore might be exposed to the total or partial loss of the capital invested. The following options may be applicable, as specified from time to time in the relevant Final Terms: ***Series with two or more underlying assets*** **Best Of Feature** For the calculation of the Settlement Amount, the Early Redemption Amount (if applicable) and the Digital Amount, the Calculation Agent selects the Best Of Underlying which is the underlying asset with the first, second or third (and so on, depending on the number of the Underlyings) best performance compared with the other underlying assets. **Worst Of Feature** For the calculation of the Settlement Amount, the Early Redemption Amount (if applicable) and the Digital Amount, the Calculation Agent selects the Worst Of Underlying which is the underlying asset with the first, second or third (and so on, on the basis of the number of the Underlyings) worst performance compared with the other underlying assets. ***Series with a Basket as Underlying*** **Combo Feature** For the calculation of the Digital Amount, the Calculation Agent will determine whether a Digital Event has occurred (and eventually will determine the Consolidation Level, the Memory Level, the Knock-out Level) in relation to each Basket Constituent. However, for the purpose of the calculation of the Cash Settlement Amount and the Early Redemption Amount (if applicable), the Calculation Agent will take into account the Initial Reference Value, the Final Reference Value, the Early Redemption Level (if applicable), the Barrier Level (if applicable), the Cap Level (if applicable) and the Protection Level (if applicable) in relation to a Basket. Such calculation method shall not apply to the Spread Certificates. **Rainbow Feature** Unlike the instruments linked to one or more underlying asset(s), the Issuer will indicate in the Final Terms: (i) the financial assets which represent the Basket Constituents, (ii) the percentage of the weights within the Basket without any preliminary reference to specific financial activities and (iii) the objective criteria pursuant to which the weight will be allocated by the Calculation Agent (for instance, in a Basket constituted by **three** financial activities, the Basket would be weighted as follows: 50% for the Basket Constituent with the best performance; 30% for the Basket Constituent with the worst performance; and 20% for a Basket Constituent with the second best performance). For each determination (during the life of the Certificates and at the exercise date), the Calculation Agent will weigh the relevant Basket Constituents on the basis of the performance registered on such determination date and pursuant to the objective criteria provided under the Final Terms. The allocation of the weights within a Basket may result differently on each determination date and depending on the performance of the Basket Constituents. The Calculation Agent will then calculate the total amount of the Basket pursuant to the methods applied to the instruments normally linked to the Basket. Such option shall not apply to the Spread Certificates.
C.19	**Exercise price or final reference price of the underlying**	The exercise price of the Underlying will be determined in accordance with the type of underlying asset pursuant to the definition of the Reference Value. The Final Reference Value and the Initial Reference Value, or the method of calculating of such values, will be specified in the applicable Final Terms.
C.20	**Type of underlying and where the information on it can be found**	Share (or basket of shares), index (or basket of indices), exchange rate (or basket of exchange rates), interest rate (or basket of interest rates), fund (or basket of funds), commodity (or basket of commodities), commodity future contract (or basket of commodity futures contracts) (each a "Reference Item"). The Reference Item(s) as well as the relevant source of information, will be stated in the applicable Final Terms.

Section D – RISKS		
D.2	**Key risks specific to the Issuer**[9]	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: (i) Banca IMI’s business may be adversely affected by international markets and economic conditions; (ii) Disruptions and volatility in the global and Euro-zone financial markets may adversely impact Banca IMI’s business; (iii) Negative economic developments and conditions in the markets in which Banca IMI operates may adversely affect Banca IMI’s business and results of operations;

[9] In order to correctly reflect the factors that may affect the Issuer's ability to fulfil its obligations under the Certificates issued under the Programme, the First Supplement has made some changes to the risks specific to the Issuer. Therefore the Section D.2 "Key risks specific to the Issuer" has been updated accordingly.

		(iv) Banca IMI’s business is sensitive to current adverse macroeconomic conditions in Italy; (v) Banca IMI’s business is exposed to counterparty credit risk; (vi) Deterioration in Banca IMI’s loan portfolio to corporate customers may affect Banca IMI's financial performance; (vii) Banca IMI’s business is exposed to settlement risk and transfer risk; (viii) Banca IMI’s business is exposed to market risk; (ix) Banca IMI’s business is exposed to operational risks; (x) Banca IMI’s business is exposed to liquidity risk; (xi) Legal risks; (xii) Risks arising from assumptions and methodologies for assessing financial assets and liabilities measured at fair value; (xiii) Banca IMI’s business is exposed to increasing competition in the financial services industry; (xiv) Banca IMI's business is exposed to risks arising from the loss of key personnel; (xv) Banca IMI’s framework for managing its risks may not be effective in mitigating risks and losses; (xvi) Banca IMI’s business is exposed to Reputational Risk; (xvii) Regulatory claims may arise in the conduct of the Banca IMI's business; (xviii) Banca IMI operates within a highly regulated industry and its business and results are affected by the regulations to which it is subject; (xix) Banca IMI’s business performance could be affected if its capital adequacy ratios are reduced or perceived to be inadequate; (xx) Banca IMI’s business is exposed to risk of changes in tax legislation as well as to increases in tax rates; (xxi) Banca IMI’s business is exposed to risks associated with a reduction in the support actions for the banking and financial system; and (xxii) Banca IMI’s business is exposed to risk related to transactions in financial derivatives;
D.6	**Key risks specific to the securities**	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: (i) The Certificates may not be a suitable investment for all investors 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. (ii) Option Risk The Certificates are derivative financial instruments which may include an option right. Transactions in options involve a high level of risk. • **Risks related to the structure of the Certificates** (i) General risks and risks relating to the underlying asset or basis of reference The Securities involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Securities. (ii) Certain Factors Affecting the Value and Trading Price of Securities The Cash Settlement Amount at any time prior to the expiration is typically expected to be less than the trading price of the Securities at that time. The difference between the trading price and the Cash Settlement Amount will reflect, among other things, a "time value" for the Securities. The "time value" of the Securities will depend partly upon the length of the period left until they expire and the expectations concerning the value of the underlying asset. Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Securities varies with the price of the underlying asset, as well as a number of other interrelated factors. (iii) Certain Considerations Regarding Hedging Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in the underlying asset which may be specified in the applicable Final Terms, should recognise the complexities of utilising Securities in this manner. (iv) Certain Considerations Associated with Share Securities In the case of Securities relating to a share (or basket of shares), no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities and neither the Issuer nor

		any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date that would affect the trading price of the shares will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the shares and therefore the trading price of the Securities. Securityholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Securities relate. (v) Certain Considerations Associated with Exchange Rate Securities Fluctuations in exchange rates will affect the value of Exchange Rate Securities. Purchasers of Securities risk losing their entire investment if the relevant exchange rates do not move in the anticipated direction. (vi) Certain Considerations Associated with Fund Securities An investment in Fund Securities may bear similar market risks to a direct investment in the relevant fund(s) and investors should take advice accordingly. (vii) Certain Considerations Associated with Commodity Securities and Commodity Future Contracts Securities The yield on Securities which are linked to commodity futures contracts may not be perfectly correlated to the trend in the price of the underlying commodities, as the use of commodity futures contracts generally involves a rolling mechanism. Investors may only marginally benefit from any rise or fall in the price of the commodities. (viii) Certain Considerations Associated with Index Securities The underlying index may be a well-known and widely published index or an index which may not be widely published or available. (ix) Certain Considerations Associated with Interest Rate Securities On the exerciseof Interest Rate Securities, Securityholders will receive an amount (if any) determined by reference to the value of the underlying interest rate(s). Accordingly, an investment in Interest Rate Securities may bear similar market risks to a direct investment in the underlying interest rate, and investors should take advice accordingly. (x) Certain Considerations Associated with Combined Securities An investment in Combined Securities will entail significant risks depending on the specific underlying assets. The risk associated with the aforementioned types should be considered in accordance with the specific financial assets of each issue. (xi) Certain Considerations Associated with Securities providing for the application of a Multiplier The Securities may provide for the application to the relevant Reference Items of a Multiplier in order to increase or decrease the percentage of each Reference Item used to determine the amounts payable or deliverable to investors. The Multiplier may be lower than 100 per cent. In such case, the amounts payable or deliverable to investors will be reduced and, therefore, will contribute to the yield of the Securities only to such reduced extent. The performance of the relevant reference item(s) will, therefore, impact the yield of the Securities only to a limited extent. (xii) Certain Considerations Associated with Securities providing for the application of a cap to the Reference Item(s) The Securities may provide for the application of a maximum return payable to investors or of a maximum value or level to the relevant reference item(s) (Cap Level). In such case, the amounts payable to investors will be subject to the predetermined maximum. (xiii) Risk of loss in relation to the investment The investor shall consider that, in relation to their investment, there is a risk of loss of the capital invested depending on the performance of the underlying asset. In particular, if the relevant Final Terms provides a Barrier Level, the investor shall consider that, in the event of a negative performance of the underlying asset at the Valuation Date (or a negative Spread in the case of Spread Certificates), if aBarrier Event occurs, a loss will occur in respect of the capital invested. (xiv) Risk related to a Protection Level lower than 100% (if applicable) The Certificates may provide a Protection Level (not applicable to the Spread Certificates). The Protection Level represents the protection percentage of the Issue Price of the Certificate and that the Cash Settlement Amount will not fall below such Protection Level. The lower the Protection Level the higher the loss (if any) that the investor might suffer, given that the Issue Price of the Certificate will not be entirely protected and the Settlement Amount at the Exercise Date might be lower than the Issue Price. (xv) Exchange risk related to the absence of a Quanto Option The investment in Certificates which do not provide a Quanto Option may entail risks related to the exchange rate. The Underlying Reference Currency of the underlying asset may be different from the Settlement Currency of the Certificates. In particular, in the event that the underlying reference currency is other than the Settlement

Currency, the return of the Certificate without a Quanto Option might be negative as the value of the underlying asset (or the Cap Level, if applicable) shall be exchanged in the Settlement Currency at the applicable exchange rate. Therefore, any negative variation of the exchange rate might frustrate either the performance of the underlying asset at maturity and the returns linked to the Cap Level (if applicable) might determine a loss of the capital invested. In the case of Protected Certificates without a Quanto Option, any negative variation of the exchange rate might also reduce the effect of total or partial protection on the capital invested (depending on the structure of the product) represented by such Protection Level.

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

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

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

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

In relation to the Certificates to be issued, the Issuer may set, at its own discretion, one or more Digital Level(s) higher or lower than the Initial Reference Value of the relevant underlying asset. In particular, the higher the Digital Level in respect of the Initial Reference Value, the greater the possibility that the Digital Event will not occur and therefore that the relevant Digital Amount will not be paid. If the Cliquet Feature is applicable in the relevant Final Terms, the Digital Level might be different in each Digital Valuation Period. In relation to the Spread Certificates, reference will be made to the differential of the financial assets (two shares two indices, etc.). Therefore, the payment of the Digital Amount will depend on the performance of two financial assets.

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

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

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

If an Early Redemption Event occurrs, the Early Redemption Amount to be paid to the Securityholder will not depend on the value of the Underlying (or of the Spread, in the case of Spread Certificates) but it will be composed of an amount in the Settlement Currency determined by the Issuer in the relevant Final Terms.

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

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

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

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

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

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

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

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

- **Risks Related to Securities Generally**

		(i) Modification The Conditions provide that the Principal Security Agent and the Issuer may, without the consent of Securityholders, agree to (i) any modification (subject to certain specific exceptions) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders or (ii) any modification of the Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of law. (ii) Expenses and Taxation The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. (iii) U.S. Foreign Account Tax Compliance Withholding[10] The application of FATCA to amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from payments on the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive a lesser amount than expected. FATCA is particularly complex and its application to the Issuer, the Securities, and investors in the Securities are uncertain at this time. The application of FATCA to Securities issued or materially modified on or after the later of 31 December 2013 or the date that is six months after the date on which the final regulations applicable to “foreign pass-through payments” are filed in the Federal Register (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable. On 10 January 2014, representatives of the governments of Italy and the United States signed an intergovernmental agreement to implementing FATCA in Italy (the "**IGA**"). The FATCA agreement between Italy and the United States should enter into force on 1st July 2014. However, in order to enter in force, the IGA must be ratified by the Italian Parliament through an Italian law provision and the relevant implementing provision shall hence subsequently be approved. On 30 June 2014 the Italian Government approved a draft law for the ratification of the IGA, however as at the present date the Parliament has not yet approved it and thus ratified the IGA. (iv) Legislation Affecting Dividend Equivalent Payments The United States Hiring Incentives to Restore Employment Act (the HIRE Act) treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld. (v) Other taxation considerations It is not possible to predict whether the taxation regime applicable to Securities on the date of purchase or subscription will be amended during the term of the Securities. (vi) Illegality and Cancellation If the Issuer determines that its performance under any Securities has, or that any arrangements made to hedge the Issuer's obligations under any Securities have become illegal, in whole or in part for any reason, the Issuer may cancel the Securities. If the Issuer cancels the Securities, it will pay the holder of each Security an amount equal to the fair market value of such Security. (vii) Change of law No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus. (viii) Potential Conflicts of Interest Some activities of the Issuer or any of its Affiliates could present certain conflicts of interest, influence the prices of such shares or other securities and adversely affect the value of such Securities. (ix) EU Savings Directive Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments.

[10] As a result of the latest legislative innovations concerning foreign account tax compliance provisions (**FATCA**), the First Supplement has amended the paragraph "U.S. Foreign Account Tax Compliance Withholding" in this Element D.6, in order to correctly reflect the legislation in force.

		• Risks Related to the Market Generally (x) Impact of implicit fees on the Issue/Offer Price Investors should note that implicit fees may be a component of the Issue/Offer Price of Securities, but such fees will not be taken into account for the purposes of determining the price of the relevant Securities in the secondary market. (xi) Certain considerations associated with public offers of Securities If Securities are distributed by means of a public offer, the Issuer may have the right to withdraw the offer, which in such circumstances will be deemed to be null and void. (xii) Possible Illiquidity of the Securities in the Secondary Market If the Issuer does list or admit to trading an issue of Securities, there can be no assurance that at a later date, the Securities will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Securities on another exchange or market. The Issuer or any of its Affiliates may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Securities becomes illiquid, an investor may have to wait until the Exercise Date to realise value. (xiii) Listing of Securities In respect of Securities which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to delist the relevant Securities, although in this case it will use all reasonable endeavours to obtain and maintain an 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. (xiv) Exchange rate risks and exchange controls There are certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Settlement Currency. These include the risk that exchange rates may significantly change and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. • Legal Risks (i) Legal investment considerations may restrict certain investments Potential investors should consult with their own tax, legal, accounting and/or financial advisers before considering investing in the Securities. (ii) No reliance None of the Issuer, the Managers, if any, or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities. (iii) Disclaimers Each type of structured Security will be issued subject to express disclaimers in respect of the risks involved in investing in such Securities.

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