



**Borsa Italiana**

<b>AVVISO n.8727</b>	26 Aprile 2018	MOT - EuroMOT
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Mittente del comunicato : BORSA ITALIANA

Societa' oggetto : BIRS  
dell'Avviso

Oggetto : AMMISSIONE ALLE NEGOZIAZIONI ED  
AVVIO DELLA FASE DI CONCLUSIONE  
DEI CONTRATTI CONDIZIONATI  
ALL'EMISSIONE TITOLI 'BIRS'

*Testo del comunicato*

Si veda allegato.

*Disposizioni della Borsa*

Oggetto: **AMMISSIONE ALLE NEGOZIAZIONI ED  
AVVIO DELLA FASE DI CONCLUSIONE DEI  
CONTRATTI CONDIZIONATI  
ALL'EMISSIONE DEL TITOLO**

Titolo: "Obbligazioni Banca Mondiale Steepener Maggio 2028 in  
USD"

Borsa Italiana S.p.A., ai sensi dell'articolo 2.4.3 del Regolamento dei Mercati, ha stabilito la procedura di quotazione del Titolo in oggetto. Ai sensi di tale procedura, con provvedimento n. LOL-003882 del 26/04/2018 Borsa Italiana ha disposto, su domanda di IBRD (di seguito l'"Emittente"), l'ammissione alle negoziazioni del Titolo in oggetto e l'avvio della fase di conclusione dei contratti condizionati all'emissione del Titolo in oggetto con decorrenza dal giorno 30/04/2018 e fino all'11/05/2018 (inclusi), salvo chiusura anticipata o proroga. Tali contratti saranno liquidati in un'unica data di regolamento stabilita nel 18 Maggio 2018, anche in caso di chiusura anticipata ovvero posticipata, del Periodo di Distribuzione.

Successivamente alla data di chiusura del Periodo di Distribuzione, Borsa Italiana stabilirà con Avviso la data di avvio delle negoziazioni ufficiali sul MOT del Titolo, che, salvo ove diversamente richiesto dall'Emittente, coinciderà con la Data di godimento del Titolo.

### **CARATTERISTICHE DEL TITOLO**

Emittente:	<b>IBRD</b>
Valore nominale:	min 10.000.000 USD max 50.000.000 USD
Data di godimento:	18/05/2018
Data di scadenza:	18/05/2028
Rimborso:	rimborso alla pari a scadenza.
Interessi annui lordi:	le obbligazioni fruttano interessi annui lordi, pagabili posticipatamente il 18 maggio di ciascun anno, rispettivamente pari a: - il 4,00% del valore nominale del prestito per la prima cedola in pagamento il 18 maggio 2019; - 7 volte la differenza fra il Tasso Swap a 10 anni (CMS10) e il Tasso Swap a 2 anni (CMS2), rilevati 2 giorni lavorativi antecedenti l'inizio di ciascun periodo cedolare alle pagine Bloomberg USISDA10 Index e USISDA02 Index alle ore 11.00 a.m. di New York., per le restanti cedole in pagamento fino a scadenza. Per le cedole a tasso variabile è previsto un floor pari a 0% e un cap pari a 6,00%.

### **DESCRIZIONE DELLA FASE DI CONCLUSIONE DEI CONTRATTI CONDIZIONATI ALL'EMISSIONE DEL TITOLO**

Prezzo fisso dei contratti condizionati (Prezzo di Emissione):	100%
Periodo di distribuzione:	dal 30/04/2018 all'11/05/2018 (inclusi), salvo chiusura anticipata o proroga.
Data di regolamento dei contratti condizionati conclusi nel Periodo di distribuzione:	18/05/2018
Operatore aderente al mercato incaricato alla distribuzione:	BNP PARIBAS SA (codice operatore IT2000)
Proposte di negoziazione inseribili dagli altri operatori:	esclusivamente ordini in acquisto senza limite di prezzo (market orders) o con limite di prezzo (limit orders) che deve essere pari al Prezzo di Emissione. Gli ordini, per i quali non è previsto un numero massimo che ciascun operatore può inserire, devono essere immessi con parametri <i>Fill-or-Kill</i> (FOK), <i>Immediate or Cancel</i> (IOC) o DAY. Solo gli ordini con limite di prezzo e con modalità di esecuzione DAY permarranno sul book anche in caso di temporanea assenza dell'operatore incaricato alla distribuzione; viceversa gli ordini senza limite di prezzo e gli ordini con limite di prezzo con parametri FOK o IOC, in caso di temporanea assenza dell'operatore incaricato alla distribuzione, risulteranno cancellati.
Modalità di distribuzione:	unica fase di mercato a negoziazione continua dalle 9.00 alle 17.30 (non è prevista la fase di asta di apertura).
Tagli:	2.000 USD
Importo minimo di negoziazione:	2.000 USD
Importo massimo singolo ordine in acquisto:	1.000.000 USD
CODICI:	ISIN XS1813572663 Instrument ID 834443
Denominazione:	WORLD BANK SUSTAINABLE MC MG28 USD
Mercato e comparto di negoziazione:	Borsa - Mercato telematico delle obbligazioni (MOT), segmento EuroMOT, 'classe euro-obbligazioni, ABS, titoli di emittenti esteri e altri titoli di debito'. I contratti condizionati conclusi nel Periodo di distribuzione non sono garantiti da Cassa di Compensazione e Garanzia.
EMS:	25.000

### **DISPOSIZIONI DELLA BORSA ITALIANA**

Borsa Italiana dispone l'ammissione alle negoziazioni del prestito "Obbligazioni Banca Mondiale Steepener Maggio 2028 in USD" (ISIN XS1813572663) e l'avvio della fase di

conclusione dei contratti condizionati all'emissione del Titolo in oggetto sul comparto obbligazionario (MOT) dal giorno 30/04/2018 e fino all'11/05/2018 (inclusi), salvo chiusura anticipata o proroga.

Allegato:

Final Terms relativi all'offerta pubblica di sottoscrizione e alla contestuale ammissione alle negoziazioni sul MOT del prestito.

**Warning: the final Aggregate Nominal Amount will be known once the Offer Period is closed. The results of the offer of the Notes and the final Aggregate Nominal Amount will be published as soon as possible after the closing of the Offer Period on the following website: [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com). For the avoidance of doubt, all the other terms and conditions are and will remain as disclosed in the below Final Terms.**

**FINAL TERMS dated April 24, 2018**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
(the “Issuer”)**

**Issue of up to USD 50,000,000 Fixed Rate to CMS Linked Interest Notes with Minimum and Maximum Interest Rate due May 18, 2028 (the “Notes”)  
(*Obbligazioni Banca Mondiale Steepener Maggio 2028 in USD*)  
under the Issuer’s Global Debt Issuance Facility**

The Prospectus dated May 28, 2008 referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any person making or intending to make an offer of the Notes may only do so in:

- (i) circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus or to distribute the Prospectus or any amendment or supplement thereto issued in connection with the offering of any of the Notes or any other offering material, or in any jurisdiction where there are no requirements for such purpose to be complied with; or
- (ii) the Public Offer Jurisdiction mentioned in the Terms and Conditions of the Public Offer set out below, provided such person is one of the persons mentioned in the Terms and Conditions of the Public Offer set out below (the “**Authorised Offerors**”) and that such offer is made during the Offer Period specified for such purposes therein.

Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the Issuer’s Global Debt Issuance Facility Prospectus dated May 28, 2008 (the “**Prospectus**”).

THIS DOCUMENT CONSTITUTES THE FINAL TERMS OF THE NOTES DESCRIBED HEREIN AND MUST BE READ IN CONJUNCTION WITH SUCH PROSPECTUS.

NONE OF THE PUBLIC OFFER IN ITALY, THE PROSPECTUS AND THIS DOCUMENT OR ANY OTHER DOCUMENTS OR MATERIALS RELATING TO THE PUBLIC OFFER IN ITALY HAVE BEEN OR WILL BE SUBMITTED TO THE CLEARANCE PROCEDURES OF THE *COMMISSIONE NAZIONALE PER LE SOCIETÀ E LA BORSA* (“**CONSOB**”) PURSUANT TO APPLICABLE ITALIAN LAWS AND REGULATIONS. THE PUBLIC OFFER IS BEING CARRIED OUT IN THE REPUBLIC OF ITALY AS AN EXEMPTED OFFER PURSUANT TO ARTICLE 100, PARAGRAPH 1(D) OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 AS AMENDED; THEREFORE THE PROSPECTUS DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF DIRECTIVE 2003/71/EC AS AMENDED AND IMPLEMENTED IN ITALY.

POTENTIAL INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT OF THE INVESTMENT AND MAY INVEST IN THE NOTES DURING THE OFFER PERIOD THROUGH AUTHORISED PERSONS AND IN COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS OR WITH REQUIREMENTS IMPOSED BY CONSOB, OR ANY OTHER ITALIAN AUTHORITY. EACH AUTHORISED OFFEROR MUST COMPLY WITH THE APPLICABLE LAWS AND REGULATIONS CONCERNING INFORMATION DUTIES *VIS-À-VIS* ITS CLIENTS IN CONNECTION WITH THE NOTES AND THE PUBLIC OFFER IN ITALY.

ONLY THE ENGLISH VERSION OF THE FINAL TERMS AND PROSPECTUS IS BINDING AND ANY ITALIAN TRANSLATION THEREOF IS NON-BINDING. IN CASE OF ANY CONTRADICTION BETWEEN THE TWO VERSIONS, THE ENGLISH VERSION WILL PREVAIL.

#### SUMMARY OF THE NOTES

- |    |  |   |
|----|--|---|
| 1. | Issuer:  | International Bank for Reconstruction and Development (“ <b>IBRD</b> ”)   |
| 2. | (i) Series Number:                                 | 100396  |
|    | (ii) Tranche Number:                               | 1   |
| 3. | Specified Currency or Currencies (Condition 1(d)): | United States Dollars (“ <b>USD</b> ”)  |
| 4. | Aggregate Nominal Amount:                          |   |
|    | (i) Series:  | Up to USD 50,000,000, subject to increase as set forth under “Terms and Conditions of the Public Offer—(vi) Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest)” below |
|    | (ii) Tranche:                                      | Up to USD 50,000,000, subject to increase as set forth under “Terms and Conditions of the Public Offer—(vi) Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest)” below |
| 5. | (i) Issue Price:                                   | 100 per cent. of the Specified Denomination for each Note   |
|    | (ii) Net Proceeds:                                 | 100 per cent. of the Aggregate Nominal Amount, as determined after the closing of the Offer Period  |
| 6. | (i) Specified Denominations (Condition 1(b)):      | USD 2,000   |
|    | (ii) Calculation Amount (Condition 5(j)):          | USD 2,000   |
| 7. | Issue Date:  | May 18, 2018  |
| 8. | Maturity Date (Condition 6(a)):                    | May 18, 2028  |
| 9. | Interest Basis (Condition 5):                      | Fixed Rate and CMS Linked Interest (further particulars specified in Terms 16 and 17 below)   |

- |   |  |
|---|--|
| 10. Redemption/Payment Basis (Condition 6):         | Redemption at par  |
| 11. Change of Interest or Redemption/Payment Basis: | Fixed Rate from and including the Issue Date to but excluding May 18, 2019 (the “ <b>Fixed Rate Period</b> ”).<br><br>CMS Linked Interest from and including May 18, 2019 to but excluding the Maturity Date (the “ <b>CMS Linked Period</b> ”).   |
| 12. Call/Put Options (Condition 6):                 | Not Applicable   |
| 13. Status of the Notes (Condition 3):              | Unsecured and unsubordinated   |
| 14. Listing:  | Application has been made for the Notes to be listed on the Italian Stock Exchange and admitted for a distribution phase and subsequent trading on the <i>Mercato Telematico delle Obbligazioni</i> (MOT), EuroMOT segment, organised and managed by Borsa Italiana S.p.A. The Notes have already been admitted to listing before the commencement of the distribution phase on the MOT – and the final amount of Notes that are issued on the Issue Date will be admitted to trading on the MOT on the date specified by means of a notice of Borsa Italiana S.p.A. |
| 15. Method of distribution:                         | Non-syndicated   |

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

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|---|--|
| 16. Fixed Rate Note Provisions (Condition 5(a)):  | Applicable during the Fixed Rate Period  |
| (i) Rate of Interest:   | 4.00 per cent. per annum payable annually in arrear  |
| (ii) Interest Payment Date:   | May 18, 2019, not subject to adjustment in accordance with a Business Day Convention   |
| (iii) Interest Period Date:   | The Interest Payment Date  |
| (iv) Business Day Convention:   | Not Applicable   |
| (v) Fixed Coupon Amount:  | USD 80 per Calculation Amount  |
| (vi) Day Count Fraction (Condition 5(l)):   | 30/360   |
| 17. CMS Linked Interest Note/other variable-linked interest Note Provisions (Condition 5(b)): | Applicable during the CMS Linked Period  |
| (i) Index/Formula/other variable:   | The Rate of Interest shall be calculated and determined by the Calculation Agent as soon as practicable on the relevant Interest Determination Date in accordance with |

the following formula:

$$7.00 \times (\text{CMS10} \text{ minus CMS2})$$

- (ii) Party responsible for calculating Rate(s) of Interest and/or Interest Amount(s): Citibank, N.A., London Branch
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: “**CMS10**” means the rate for USD swaps with a maturity of 10 years, expressed as a percentage per annum, which appears on the Bloomberg screen USD ICESWAP rate “**USISDA10 Index**” page (or such other page that may replace that page on that service or a successor service) as at 11:00 a.m. (New York City time) on the relevant Interest Determination Date; and
- “**CMS2**” means the rate for USD swaps with a maturity of 2 years, expressed as a percentage per annum, which appears on the Bloomberg screen USD ICESWAP rate “**USISDA02 Index**” page (or such other page that may replace that page on that service or a successor service) as at 11:00 a.m. (New York City time) on the relevant Interest Determination Date.
- (iv) Interest Determination Date(s): 2 Business Days prior to the first day of each Interest Period in the CMS Linked Period, the first such Interest Period commencing on May 18, 2019
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: If the CMS10 and/or CMS2 do not appear on the Bloomberg screen USD ICESWAP rate “**USISDA10 Index**” page or the Bloomberg screen USD ICESWAP rate “**USISDA02 Index**” page respectively (or such other page that may replace the respective page on that service or a successor service) as at 11:00 a.m. (New York City time) on the relevant Interest Determination Date, then the “**CMS10**” and/or “**CMS2**” shall be determined by the Calculation Agent in accordance with the procedures set forth in “**USD-CMS-Reference Banks**” with regard to “**USD-ISDA-Swap Rate**” (as defined in Article 7.1(ab)(x) and Article 7.1(ab)(vi), respectively, of the 2006 ISDA Definitions) provided that, with respect to such defined term: (i) the “**Reset Date**” shall mean the first day of each Interest Period in the CMS Linked Period; (ii) “**Designated Maturity**” shall mean 10 year or 2 year, as applicable, (iii) “**Representative Amount**” shall mean the Aggregate Nominal Amount of the Series, (iv) “**Reference Banks**” shall mean five leading swap dealers in the New York City interbank market selected by the Calculation Agent, (v) if fewer than three quotations are provided as requested, the rates will be determined by the Calculation Agent in good faith and in a commercially reasonable manner and (vi) the expression Calculation Agent shall mean Citibank, N.A., London Branch.
- (vi) Interest Period(s): As specified in Condition 5(l)



(vii) Specified Payment Dates:	Interest	May 18 in each year commencing on and including May 18, 2020 up to and including the Maturity Date
(viii) Business Day Convention:		Not Applicable
(ix) Business (Condition 5(l)):	Center(s)	London and New York
(x) Minimum Rate of Interest:		0.00 per cent. per annum
(xi) Maximum Interest:	Rate of	6.00 per cent. per annum
(xii) Day (Condition 5(l)):	Count Fraction	30/360

## PROVISIONS RELATING TO REDEMPTION

18. Final Redemption Amount of each Note (Condition 6): USD 2,000 per Calculation Amount
19. Early Redemption Amount (Condition 6(c)): As set out in the Conditions

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes (Condition 1(a)): Registered Notes:  
Global Registered Certificate available on Issue Date
21. New Global Note: No
22. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)): London and New York
23. Governing law (Condition 14): English
24. Additional Risk Factors: AN INVESTMENT IN THE NOTES IS SUBJECT TO THE RISKS DESCRIBED BELOW, AS WELL AS THE RISKS DESCRIBED UNDER "RISK FACTORS" IN THE ACCOMPANYING PROSPECTUS. INVESTORS SHOULD CAREFULLY CONSIDER WHETHER THE NOTES ARE SUITED TO THEIR PARTICULAR CIRCUMSTANCES. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR FINANCIAL AND LEGAL ADVISERS AS TO THE RISKS ENTAILED BY AN INVESTMENT IN THE NOTES AND THE SUITABILITY OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

### Suitability and appropriateness of Investment

An investment in the Notes is only suitable and appropriate for investors who have the requisite

knowledge and experience in financial and business matters to evaluate the information contained in the Prospectus and the Final Terms, who have made their own independent decision to invest in the Notes and as to whether the Notes are suitable and appropriate for them, and who are capable of bearing the economic risk of an investment in the Notes.

**The market price of the Notes may be influenced by many factors**

The Notes are not designed to be short-term trading instruments. Many factors, most of which are beyond IBRD's control, will influence the value of the Notes and the price at which the Dealer may be willing to purchase or sell the Notes in the secondary market, including: interest and yield rates in the market, economic, financial, political and regulatory or judicial events that affect the stock markets generally and which may affect the time remaining to the maturity of the Notes and IBRD's creditworthiness. Some or all of these factors may influence the price that Noteholders will receive if they choose to sell their Notes prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors.

**During the CMS Linked Period, the Notes are subject to a Maximum Rate of Interest**

The amount of interest payable for each Interest Accrual Period during the CMS Linked Period is limited by the Maximum Rate of Interest of 6.00 per cent. per annum. Therefore, the applicable Rate of Interest will, in no circumstances, be greater than the Maximum Rate of Interest. As a result, the Noteholders will not benefit from any future performance of the applicable USD ICESWAP rate in excess of the Maximum Rate of Interest during the CMS Linked Period.

25. Other final terms:

The first sentence of Condition 7(a)(ii) is hereby replaced by the following: "Interest (which for the purpose of this Condition 7(a) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the calendar day before the due date for payment thereof (the "**Record Date**")."

The Annex hereto is to be read in conjunction with and forms part of the Prospectus and these Final Terms.

## DISTRIBUTION

26. (i) If syndicated, names of Managers and underwriting commitments: Not Applicable
- (ii) Stabilizing Manager(s) (if any): Not Applicable
27. If non-syndicated, name of Dealer: BNP Paribas
28. Total commission and concession: The Issuer will not pay any commission for the offering of the Notes.
- For more information on the commissions, see “Offer Price” under “Terms and Conditions of the Public Offer” set forth below.
29. Additional selling restrictions: With respect to offering of the Notes, the first sentence of “Sales Restrictions” appearing under Plan of Distribution on page 55 of the Prospectus shall be deleted and replaced with the following sentence:
- “Save in respect of the Public Offer Jurisdiction, no action has been or will be taken in any jurisdiction by the Issuer or the Dealer that would permit a public offering of any of the Notes, or that would give rise to an obligation for the Issuer or the Dealer to publish a prospectus or to distribute the Prospectus or any amendment or supplement thereto issued in connection with the offering of any of the Notes or any other offering material.”

## OPERATIONAL INFORMATION

30. ISIN Code: XS1813572663
31. Common Code: 181357266
32. Delivery: Delivery against payment
33. Registrar and Transfer Agent: Citibank, N.A., London Branch
34. Intended to be held in a manner which would allow Eurosystem eligibility: No

## GENERAL INFORMATION

The following documents of IBRD are incorporated by reference in these Final Terms: (i) Global Debt Issuance Facility Prospectus dated May 28, 2008 (the “**Prospectus**”); (ii) IBRD’s most recent Information Statement dated September 19, 2017, and (iii) IBRD’s Quarterly Financial Statements (unaudited) dated December 31, 2017. These documents have been filed with the U.S. Securities and Exchange Commission (“**SEC**”) and are available on the SEC’s website as well as on the following website of IBRD: <http://treasury.worldbank.org/cmd/htm/index.html>. Alternatively, to obtain copies

of these documents, contact one of the Authorized Offerors (as defined below) or your financial advisor.

During the Offer Period the Notes will be offered to investors in Italy as more fully described below under “TERMS AND CONDITIONS OF THE PUBLIC OFFER”.

## CONFLICT OF INTEREST

The Authorised Offerors will receive an upfront commission for the distribution investment service performed in the context of the offer. Further to any such appointment, the distribution commission, received by the Authorised Offerors will create possible conflicts of interest.

No fees will be paid by the Issuer to intermediaries performing the investment services of the collection and transmission of orders or of the mere execution of orders in the context of the distribution of the Notes during the Offer Period and directly or indirectly connected to the MOT through which investors will apply for the Notes.

The Dealer has undertaken to subscribe for a minimum amount of Notes equal to USD 10,000,000 under the Terms Agreement – entered into on April 24, 2018 by the Dealer and the Issuer (the “**Terms Agreement**”) – irrespective of the outcome of the offer of the Notes.

## TERMS AND CONDITIONS OF THE PUBLIC OFFER

The Issuer has agreed to allow the use of these Final Terms and the Prospectus by the Dealer and by any entities appointed as distributors by the Dealer (the “**Authorised Offerors**”) in connection with an offering of the Notes in Italy (the “**Public Offer Jurisdiction**”) during the Offer Period (as defined below). The list of the Authorised Offerors (if any) will be published on the following website: [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com).

The offer of the Notes is conducted in Italy only and is addressed to the public at large. Qualified Investors, as defined for by article 2 of the Prospectus Directive as implemented by art. 100 of the Italian Legislative Decree No. 58/1998 as amended from time to time (the “**Italian Financial Services Act**”) and art. 34-ter paragraph 1 lett. b) of CONSOB Regulation No. 11971 of 14 May 1999 as amended from time to time can only acquire the Notes in the framework of the public offer of the Notes if, and to the extent that, the Total Amount of the Offer has not been exhausted by requests from the public at large.

On the Issue Date, the Notes will be subscribed for by the Dealer acting as principal and then assigned to prospective investors in the context of the offer of the Notes.

The Dealer has undertaken to subscribe for a minimum amount of Notes equal to USD 10,000,000 under the Terms Agreement irrespective of the outcome of the offer of the Notes, save in the case of withdrawal of the offer and cancellation of the issuance of the Notes as provided for by paragraph (iii) below. No undertakings will be made by the Authorised Offerors (if any) or has been made by any third parties to guarantee the outcome of the offer of the Notes in connection of any minimum amount of the Notes.

All offers of Notes will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations, provided that no such offer of Notes shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive (or supplement a prospectus pursuant to Article 16 of the Prospectus Directive) or to take any other action in any jurisdiction other than as listed above.

- (i) Offer Period: From and including April 30, 2018 to and including

May 11, 2018 during trading hours on the MOT (*i.e.*, 9.00 am to 5.30 pm, CET), subject to early closing of the Offer Period as described under paragraph (iii) below.

- (ii) Offer Price: The Issue Price, equal to 100 per cent. of the Specified Denomination of each Note.

The Offer Price includes, per Specified Denomination, an upfront commission for the distribution and promotion of the Notes paid by the Dealer to the Authorised Offerors, equal to a maximum amount of 1.50 per cent. (including VAT, if any) of the Specified Denomination of the Notes distributed by each Authorised Offeror.

- (iii) Early closing, withdrawal and cancellation, extension: The Issuer reserves the right, in agreement with the Dealer, to withdraw the Offer and cancel the issuance of the Notes at any time before 07.59am CET on the second open market day immediately preceding the Issue Date (*i.e.*, May 16, 2018) in the case that any extraordinary changes in the economic and political situation or in the capital, currency and exchange rates markets, either at a national or international level, which, in the judgment of the Issuer and the Dealer, is material and adverse and makes it impractical or inadvisable to proceed with completion of the distribution or the payment for the Notes, will have occurred. The Issuer will inform the public of the withdrawal of the Offer and the cancellation of the issuance of the Notes by means of a notice to be sent to Borsa Italiana S.p.A. and published on the website [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com).

For the avoidance of doubt, if any contract has been entered into on behalf of a potential investor and the Issuer exercises such a right, each such potential investor will not be entitled to receive the relevant Notes.

The Offer Period may be closed early as determined by the Issuer, in agreement with the Dealer, (i) in the case that the Notes are distributed for an amount equal to USD 50,000,000, and (ii) at any time during the Offer Period provided that an amount of Notes at least equal to USD 10,000,000 has been distributed.

In the case of early closure set out under (i) above, the Dealer will cease to display sell orders on the MOT as soon as the Notes have been distributed for an amount of USD 50,000,000. Following this occurrence, the Issuer will promptly inform the public of the Offer Period's early closure by means of a notice to be sent to Borsa Italiana S.p.A. and published on the website [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com).

In the case of early closure set out under (ii) above, the Issuer will inform the public by means of a notice to be sent to Borsa Italiana S.p.A. and published on the website [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com) by 10.30am CET on the Offer Period's early closure date. In such a case, the Offer Period will end at 5.30pm CET on the Offer Period's early closure date as indicated in the relevant notice.

The Issuer reserves the right, in agreement with the Dealer, to extend the Offer Period according to the MOT rules. The Issuer will inform the public of the extension of the Offer Period according to the MOT rules, by means of a notice to be sent to Borsa Italiana S.p.A. and to be published on the website [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com).

- (iv) Conditions to which the offer is subject: The offer of the Notes is conditional on their issue.
- The Issuer will determine the final amount of Notes to be issued, subject to the limit of USD 50,000,000, which may be increased as provided in paragraph (vi) below. The final amount of the Notes to be issued will depend on, *inter alia*, the number of the buy orders transmitted to the MOT during the Offer Period.
- (v) Description of the application process: Prospective investors intending to apply for the Notes during the Offer Period are required to contact their own intermediaries for the purpose of transmitting their buy orders – directly or indirectly through the market's participants – to the MOT.

BNP Paribas will display continuously during the Offer Period a price equal to the Issue Price for the sale and will display sell orders to match buy orders displayed by the intermediaries connected to the MOT and transmitted to them directly or indirectly by investors.

Noteholders (other than the Dealer) will not enter into any contractual arrangements directly with the Issuer in connection with the distribution or purchase of the Notes. In fact, the relationship between intermediaries and prospective investors will be regulated by the intermediaries' policies applicable to their carrying out investment services *vis-à-vis* their clients and also with reference to expenses/commissions to be borne by prospective investors and information provided to them.

By purchasing the Notes, the holders of the Notes are deemed to have knowledge of all the Terms and Conditions of the Notes and to accept the said Terms and Conditions.

Companies providing investment portfolio management services through nominee registration,

*("società fiduciarie autorizzate alla gestione patrimoniale di portafogli d'investimento mediante intestazione fiduciaria")* as per article 60, paragraph 4, of Legislative Decree No. 415 of 23 July 1996, can transmit buy orders solely on behalf of their clients in compliance with the agreements in place with each of them.

Investors may also submit their applications to participate in the offer of the Notes through parties authorised to perform individual investment portfolio management services pursuant to Italian Financial Services Act and through intermediaries authorised to receive and transmit orders, pursuant to the Italian Financial Services Act, at the conditions provided for by CONSOB regulations from time to time applicable.

- (vi) Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest):

Without prejudice to the provisions of paragraph (iii) above regarding the withdrawal of the offer and cancellation of the issuance of the Notes, the Notes will be issued for a minimum amount of USD 10,000,000 based on the underwriting commitment of the Dealer under the Terms Agreement — up to a maximum amount of USD 50,000,000 based on the decision of the Issuer and on the demand from the investors (the “**Total Amount of the Offer**”).

The Issuer reserves the right, in agreement with the Dealer, to increase the Total Amount of the Offer during the Offer Period but in any case within the open market day before the Offer Period’s closure date. The Issuer will inform the public of the size increase by means of a notice to be sent to Borsa Italiana S.p.A. and published on the website [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com). The Issuer will also publish a revised version of these Final Terms including the increased number and amount of Notes to be issued on the website [www.obbligazionisostenibili.com](http://www.obbligazionisostenibili.com). In any case, the Dealer will cease to display sell orders on the MOT as soon as the Notes have been distributed for an amount of USD 50,000,000 and will start again to display sell orders on the MOT at the date and time indicated in the notice relating to the increase of the issuance’s size.

Minimum amount per buy order: one Note (USD 2,000). There is no maximum number of buy orders which can be transmitted on behalf of a single prospective investor.

- (vii) Method and time limits for paying up the Notes and for delivery of the Notes:

The Notes will be sold by the Issuer to the Dealer on a delivery against payment basis on the Issue Date and then be assigned to prospective investors by the intermediaries directly or indirectly connected to the

	MOT through which such prospective investors have transmitted their buy orders and funds for such buy orders.
	Prospective Noteholders will be notified by the relevant Authorised Offeror (if any) of the settlement arrangements in respect of Notes in accordance with their own applicable policies and procedures.
(viii) Manner and date in which results of the offer are to be made public:	A notice relating to the results of the offer of the Notes will be sent to Borsa Italiana S.p.A. and published on the website <a href="http://www.obbligazionisostenibili.com">www.obbligazionisostenibili.com</a> on the Issue Date.
(ix) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
(x) Details of any tranche(s) reserved for certain countries:	Not Applicable
(xi) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:	<p>The irrevocable buy orders of Notes that have been transmitted to the MOT and caused the relevant contracts be entered into according to the MOT rules within the date and time of the Offer Period's closure (even early) will be accepted for the entire amount of such contracts, subject to the issue of the Notes up to the Total Amount of the Offer.</p> <p>Authorised Offerors (if any) will notify applicants of amounts allotted immediately after the publication of the notice mentioned in paragraph (viii) above and, in any event, before the Issue Date.</p> <p>No dealings in the Notes may take place prior to the Issue Date.</p>
(xii) Amount of any expenses and taxes specifically charged to the Noteholders:	<p>(A.) Distribution commissions: see above paragraph (ii).</p> <p>(B.) Administrative and other costs relating to the holding of the Notes (service fees, custodians fees, brokerage fees, financial services etc.): the prospective purchaser is invited to check those costs with its financial intermediary.</p>
(xiii) Name(s) and address(es), to the extent known to the Issuer, of the Authorised Offerors in the various countries where the offer takes place:	The Issuer reserves the right to appoint intermediaries to act as Authorised Offerors during the Offer Period according to the applicable law. Such appointment will be notified to the public by means of a notice published on the website <a href="http://www.obbligazionisostenibili.com">www.obbligazionisostenibili.com</a> .

In the context of the collection of buy orders on behalf



of their clients and the direct or indirect transmission of buy orders on behalf of their clients or on their own account for the purpose of transmitting all such orders to the MOT, the intermediaries involved in the distribution of the Notes, other than the Authorised Offerors (if any), will perform the investment services of the collection and transmission of orders or of the mere execution of orders, as defined by the Italian Financial Services Act.

## LISTING APPLICATION

Application has been made for the Notes to be listed on the Italian Stock Exchange and admitted for a distribution phase and subsequent trading on the *Mercato Telematico delle Obbligazioni* (MOT), EuroMOT segment, organised and managed by Borsa Italiana S.p.A.

The Notes have already been admitted to listing before the commencement of the distribution phase on the MOT and the final amount of Notes that are issued on the Issue Date will be admitted to trading on the MOT on the date specified by means of a notice of Borsa Italiana S.p.A.

## RESPONSIBILITY

IBRD accepts responsibility for the information contained in these Final Terms.

Signed on behalf of IBRD:

By:   
Name: CARLO SEGNI  
Title: Duly authorized

## ANNEX

This Annex is to be read in conjunction with and forms part of the Prospectus and the Final Terms. Although there is no legal obligation whatsoever, under any applicable law, for the Issuer or the Dealer to provide you with such information as mentioned herein, this Annex is meant to answer some practical questions that you might have regarding the Notes in general terms only. It does not contain all the information which may be important to you. You should read the terms and conditions of the Notes included in the Prospectus and the Final Terms together with the more detailed information contained in the remainder of the Prospectus. You should carefully consider, amongst other things, the risks set out in the Prospectus and in the Final Terms. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the Notes. The information contained in this section is subject in its entirety to the terms and conditions of the Notes included in the Prospectus and the Final Terms.

### **What are the Notes?**

The Notes are debt securities issued by the International Bank for Reconstruction and Development (the "Issuer"). At maturity, the Notes entitle the Noteholder to receive from the Issuer the Final Redemption Amount of USD 2,000 per Calculation Amount plus the Interest Amount with respect to the Maturity Date. In addition, the Noteholder will receive during the term of the Notes Interest Amounts calculated for the first year at a fixed rate and thereafter at a CMS linked interest rate equal to the rate for USD swaps with a maturity of 10 years *minus* the rate for USD swaps with a maturity of 2 years, subject to a maximum rate of interest and a minimum rate of interest. All payments on the Notes are subject to the Issuer's credit risk (insolvency or payment default of the Issuer) and potential foreign exchange risk if the Noteholder converts the pay-out (coupons and nominal amount) it receives in USD into Euro or any other currency.

### **Where does my money go?**

The net proceeds from the sale of the Notes will be used by IBRD in its general operations in order to provide financing, risk management products, other financial services, access to experts and a pool of knowledge in development-related disciplines to the governments of IBRD's borrowing members so that they can achieve equitable and sustainable economic growth in their national economies. Projects supported by IBRD undergo a rigorous review and approval process aimed at safeguarding equitable and sustainable economic growth, including early screening to identify environmental and social impacts and designing concrete mitigation actions. IBRD integrates five cross cutting themes into its activities helping its borrowing members create sustainable development solutions: climate change; gender; jobs; public-private partnerships; and fragility, conflict and violence.

### **Will I receive income?**

Yes, during the term of the Notes, the Noteholder will receive Interest Amounts calculated for the first year at a fixed rate and thereafter at a CMS linked interest rate equal to the rate for USD swaps with a maturity of 10 years *minus* the rate for USD swaps with a maturity of 2 years, subject to a maximum rate of interest and a minimum rate of interest.

### **Can I redeem early?**

No. There is no provision in the Notes for a Noteholder's early redemption right. However, application will be made for the Notes to be admitted to listing and to trading on the *Mercato Telematico delle Obbligazioni* (MOT), EuroMOT segment, organised and managed by Borsa Italiana S.p.A. and BNP Paribas has informed the Issuer that, except in the case of exceptional market circumstances, it will, on a best efforts basis, endeavour to make a secondary market during open business hours. Also, a brokerage fee may be applied by any financial intermediary involved. The Noteholders are invited to check with its financial intermediary if brokerage fees apply.

### **Can the Notes be redeemed early by the Issuer?**

No.

**What are the fees?**

The investors will purchase the Notes at an Offer Price of 100 per cent. This price includes, per Specified Denomination of USD 2,000, an upfront commission for the distribution and promotion of the Notes paid upfront by the Dealer to the Authorised Offerors (i.e., the distributors), equal to a maximum amount of 1.50 per cent. (including VAT, if any) of the USD 2,000 Specified Denomination of the Notes distributed by each Authorised Offeror.

**How will the fees impact my investment?**

The fees retained by the Authorised Offerors will not affect the amounts due in accordance with the terms and conditions of the Notes.

**What is the Issuer's credit rating?**

The Issuer's long-term senior debt rating is, as at the date hereof, Aaa (Moody's Investor Services) and AAA (S&P). Investors should note, however, that the ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**What are some of the risks in owning the Notes?**

Investing in the Notes involves a number of risks. We have described the most significant risks relating to the Notes in the Prospectus (under the heading "Risk Factors" at page 14 and following) and the Final Terms (under Term 24 "Additional Risk Factors" under the heading "General provisions applicable to the Notes").

**Is there Currency Risk?**

Since the Notes are issued in USD, you incur a foreign exchange risk if you decide to convert the coupon payments and the principal amount into another currency (e.g. euro). Indeed, such returns when so converted will be affected, not only by the amount of the coupon and principal, but also by the evolution of the USD against the relevant currency. If, upon maturity, the USD has depreciated against such currency, the final return in such currency will be lower. Conversely, an appreciation of the USD will have the opposite impact.

**Are the Notes a suitable and appropriate investment for me?**

The Notes can only be offered to the investors by the Authorised Offerors if they are appropriate and - if necessary, in light of the investment services provided by the Authorised Offeror to the relevant investor - suitable for the investors.

Should an investor decide to invest in the Notes, without getting any advice from its bank, its bank should in any case warn him/her if the Notes are not appropriate or, if necessary according to applicable laws and regulations, suitable for him/her.

**Will I always be able to sell my Notes in a secondary market prior to the Maturity Date?**

There is no assurance as to the development or liquidity of any trading market for the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that would provide them with a yield comparable to similar investments that have a developed secondary market. However, application will be made by the Dealer for the Notes to be admitted to listing and to trading on the *Mercato Telematico delle Obbligazioni* (MOT), EuroMOT segment, organised and managed by Borsa Italiana S.p.A. and BNP Paribas has informed the Issuer that, except in the case of exceptional market circumstances, it will, on a best efforts basis, endeavour to make a secondary market during open business hours. Also, a brokerage fee may be applied by any financial intermediary involved. The Noteholders are invited to check with its financial intermediary if brokerage fees apply.

**Are there any taxes payable by me in relation to the Notes?**

The Schedule to the Final Terms (see hereafter) contains a summary with regard to certain tax aspects which are of significance in connection with the Notes for certain jurisdictions. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations

which may be of relevance for individual potential investors. It is recommended that potential purchasers of the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes under the tax laws of the country of which they are resident for tax purposes.

**Where and in which form are the Notes held?**

The Notes will initially be held by Euroclear Bank N.V./S.A. and Clearstream Banking S.A. (the "Clearing Systems") in the form of a global certificate which will be exchangeable for definitive securities only in the exceptional circumstances described in the Prospectus. For as long as any Notes are held by the Clearing Systems, payments of the coupon and principal will be made through the Clearing Systems. Investors must therefore rely on the Clearing System to distribute all payments attributable to the Notes which are received from the Issuer. Accordingly, investors will be exposed to the credit risk of, and default risk in respect of, the Clearing Systems, as well as the Issuer. Investors should note that neither the Issuer nor the Registrar (Citibank, N.A., London Branch) shall be responsible for the acts or omissions of the Clearing Systems. Furthermore, investors should be aware of the fact that the Clearing Systems may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts or delivery of notes. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the Notes.

## SCHEDULE TO THE FINAL TERMS

### TAXATION

You should carefully consider the matters set forth under “Tax Matters” in the accompanying Prospectus. This summary supplements the section “Tax Matters” in the accompanying Prospectus and is subject to the limitations and exceptions set forth therein.

The following is only a general description of certain tax considerations relating to the Notes with regard to a limited number of jurisdictions. It does not purport to be a complete analysis of all tax considerations relating to the purchase, beneficial ownership, and disposition of the Notes.

Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes.

This summary is based upon the law as in effect on the date of these Final Terms and is subject to any change in law that may take effect after such date (or even before with retroactive effect).

The Issuer makes no representation or warranty, whether express or implied, as to the completeness or accuracy of this summary.

### ITALIAN TAXATION

#### Income Tax

Under the current legislation in force in the Republic of Italy, pursuant to the provisions of Legislative Decree No. 239 of 1 April 1996, as amended and restated (**Decree 239**), and of Article 12, paragraph 13-bis of Legislative Decree No. 461 of 21 November 1997 (**Decree 461**), payments of interest, premium and other proceeds (including the difference between the redemption amount and the issue price) in respect of the Notes accrued during the relevant period:

- (i) will be subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*), levied as final tax if made to beneficial owners who are: (i) Italian resident individuals not engaged in a commercial activity; (ii) Italian resident non-commercial partnerships or professional associations; (iii) Italian resident public and private entities, trusts, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and national or local government entities); and (iv) Italian resident entities or organizations exempt from corporate income tax.

The 12.5 per cent. *imposta sostitutiva* shall be a final tax and payments of interest and other proceeds in respect of the Notes will not be included in the general taxable base of the above mentioned individuals, partnerships, trusts and entities.

Where the resident holders of the Notes described above under (i) and (iii) are engaged in a commercial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due or be claimed for refund in the relevant tax return.

The 12.5 per cent. *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes;

- (ii) will not be subject to the 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Notes are effectively connected; (ii) Italian

resident collective investment funds, SICAVs, non-real estate SICAFs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds and real estate SICAFs established pursuant to article 39 of Legislative Decree No. 58 of February 24, 1998 and article 14-bis of law No. 86 of January 25, 1994; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the so-called *risparmio gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the "Managed Savings Option" and (iv), non Italian residents with no permanent establishment in Italy to which the Notes are effectively connected, provided that if the Notes are held in Italy the non Italian investor promptly file with the authorised financial intermediary an appropriate *affidavit (autodichiarazione)* stating that the investor is not resident in Italy for tax purposes.

Interest and other proceeds accrued on the Notes held by Italian resident corporations, commercial partnerships, Italian resident individuals engaged in a commercial activity as well as Italian resident public and private entities, other than companies, holding Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società, IRES*); or (ii) individual income tax (*imposta sul reddito delle persone fisiche, IRPEF*) plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive, IRAP*).

If holders of Notes subject to 12.5 per cent. *imposta sostitutiva* levied as a final tax hold the Notes through an authorised intermediary in Italy having asset management power over such Notes, such holders may opt to pay a final 26 per cent. tax levied by the intermediary on all interest, other payments and gains deriving from such management on an annual basis ("Managed Savings Option"). However, in such case, interest, other payments and gains arising from the Notes will be taxable for a portion equal to 48.08 per cent. only. If holders of Notes subject to 12.5 per cent. *imposta sostitutiva* levied as a provisional tax hold Notes through such an assets manager, interest, other payments and gains will be included as part of their overall taxable income.

If interests are paid outside of Italy by an entity other than an authorised intermediary in Italy to residents of Italy who would otherwise be subject to the above 12.5 per cent. final tax, holders of Notes must include the payments received in their income tax return and the payments shall be subject to a different substitute tax at a 12.5 per cent. rate or, at the holders' option, to income taxes at the applicable rates to their overall income with a tax credit for taxes paid abroad.

If the Notes are held by an Italian pension fund and are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to the substitute tax, but must be included in the result of the relevant portfolio accrued at the end of the tax period for an amount of 62.5 per cent., to be subject to a 20 per cent. substitute tax.

If the Notes are held by an Italian authorised investment fund (*organismi di investimento collettivo del risparmio – O.I.C.R.*), a SICAV (*società di investimento a capitale variabile*) investing in securities and are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to the substitute tax.

If the Notes are held by an Italian real estate investment fund (*fondi immobiliari*) or a SICAF (*società di investimento a capitale fisso*) investing and are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to the substitute tax.

### Capital gains

Any capital gain realised upon the sale for consideration or redemption of Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of Noteholders (and, in certain cases, depending on the status of the Noteholders, may also be included in the taxable basis of IRAP), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity to which the Notes are connected.

Gains realised on the disposal or redemption of Notes by residents of Italy who are individuals not acting in a business capacity or by non-business partnerships or by private or public institutions not carrying out mainly or exclusively business activities will be subject to a final capital gains tax currently at the rate of 12.5 per cent. The tax applies to all gains and losses realised in the relevant year and losses may be carried forward to the subsequent four years. Said holders of Notes may opt to pay capital gains tax declaring the gains in their annual income tax return or, if the Notes are deposited with an authorised intermediary in Italy, authorising the intermediary to levy the said capital gains tax ("administered savings option"). If they have elected the Managed Savings Option, a portion equal to 48.08 per cent. of the gains arising from the Notes will be subject to the tax applicable thereto. Instead, gains realised by residents of Italy who are individuals acting in a business capacity, partnerships, limited partnerships, corporations or permanent establishments of foreign corporations shall be subject to income or corporation taxes as part of the overall business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes).

Gains realised by investment funds (*organismi di investimento collettivo del risparmio* – O.I.C.R.), SICAVs (*società di investimento a capitale variabile*) and non-real estate SICAFs will be included in the result of the portfolio accrued at the end of the tax period and will not be subject to taxation on such results.

Gains realised by Italian real estate investment funds or by real estate SICAFs, to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, are subject neither to capital gains tax nor to any other income tax in the hands of the real estate fund or SICAF.

Gains realised by Italian pension funds will be included in the result of the relevant portfolio accrued at the end of the tax period for an amount of 62.5 per cent., to be subject to a 20 per cent. substitute tax.

Capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected, through the sale for consideration or redemption of Notes are not subject to income tax in Italy to the extent that the Notes are held outside Italy or are listed on a regulated market in Italy or abroad. If the Notes are held in Italy the exemption applies provided that the non Italian investor promptly file with the authorised financial intermediary an appropriate affidavit (*autodichiarazione*) stating that the investor is not resident in Italy for tax purposes. Moreover, *imposta sostitutiva* does not apply if the non-Italian resident investor holding Notes in Italy is resident for tax purposes in a Country ensuring an adequate exchange of information in tax matters with Italy. The provisions of applicable tax treaties against double taxation entered into by Italy apply if more favorable and provided that all relevant conditions are met.

The Notes are excluded from the tax base of the Italian inheritance tax according to article 12 of Legislative Decree 346/1990 and Article 12, paragraph 13-*bis* of Legislative Decree 461/1997.

### **OECD COMMON REPORTING STANDARDS**

The EU Savings Directive adopted on 03 June 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments (the “Savings Directive”) has been repealed from 01 January 2016 to prevent overlap between the Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Law No. 95 of 18 June 2015 (“Law 95/2015”), implementing the CRS (and the amended EU Directive on Administrative Cooperation), which has entered into force on 01 January 2016 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that holders of Notes hold the Notes through an Italian financial institution (as meant in the Ministerial Decree of 28 December 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.