

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.obbligazioneisostenibili.com. Information contained on such website is not incorporated by reference in, and should not be considered a part of, these Final Terms. 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 November 28, 2018

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

Issue of up to USD 100,000,000 Fixed Rate to Index Linked Interest Notes due December 28, 2023 (Solactive Human Capital World MV Index) (the “Notes”)

***(Obbligazioni Banca Mondiale Dicembre 2023 sull’Indice Solactive Human Capital World MV)*
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 (“**IBRD**”)
2. (i) Series Number: 100611
(ii) Tranche Number: 1
3. Specified Currency or Currencies (Condition 1(d)): United States Dollars (“**USD**”)
4. Aggregate Nominal Amount:
 - (i) Series: Up to USD 100,000,000, 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.

The final Aggregate Nominal Amount of the Series will be published as soon as possible after the closing of the Offer Period on the following website: www.obbligazionisostenibili.com
 - (ii) Tranche: Up to USD 100,000,000, 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.

The final Aggregate Nominal Amount of the Series will be published as soon as possible after the closing of the Offer Period on the following website: www.obbligazionisostenibili.com

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
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7.	Issue Date:	December 28, 2018
8.	Maturity Date (Condition 6(a)):	December 28, 2023
9.	Interest Basis (Condition 5):	4.00 per cent. Fixed Rate from and including the Issue Date to but excluding December 28, 2019 Index Linked Interest from and including December 28, 2019 to but excluding the Maturity Date (subject to the occurrence of an Amendment Event) (further particulars specified in Term 16, Term 17 and Term 22 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 December 28, 2019 (the “ Fixed Rate Period ”). Index Linked Interest from and including December 28, 2019 to but excluding the Maturity Date (subject to the occurrence of an Amendment Event) (the “ Index Linked Period ”).
12.	Call/Put Options (Condition 6):	Not Applicable
13.	Status of the Notes (Condition 3):	Unsecured and unsubordinated
14.	Listing:	Application will be made by the Dealer for the Notes to be admitted to listing and to trading on the <i>Mercato Telematico delle Obbligazioni</i> (MOT), EuroMOT segment, organised and managed by Borsa Italiana S.p.A. No assurances can be given that such application for listing and admission to trading will be granted.
15.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions (Condition 5(a)):	Applicable during the Fixed Rate Period
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(i) Rate of Interest:	4.00 per cent. per annum payable annually in arrear
(ii) Interest Payment Date:	December 28, 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. Index Linked Interest Note/other variable-linked interest Note Provisions (Condition 5(b)):

(i) Index/Formula/other variable: Applicable during the Index Linked Period
If no Amendment Event has occurred on or prior to an Index Observation Date and:

(i) if, on such Index Observation Date, the Closing Index Level is equal to or greater than the Initial Index Level, then the Index Linked Interest Amount, calculated per Calculation Amount, shall be payable on the immediately following Specified Interest Payment Date and will be an amount in USD calculated by the Calculation Agent in accordance with the following formula:

USD 2,000 *multiplied by* 4.00 per cent. *multiplied by* (1 *plus* T)

(ii) if, on such Index Observation Date, the Closing Index Level is less than the Initial Index Level, then no Index Linked Interest Amount shall be payable on the immediately following Specified Interest Payment Date.

If an Amendment Event has occurred on or prior to an Index Observation Date, no Index Linked Interest Amount shall be payable on the immediately following Specified Interest Payment Date and thereafter.

Whereby:

“**Amendment Event**” has the meaning given to it in Term 21 below.

“**Closing Index Level**” means the Closing Level of the Index on each Index Observation Date, as calculated by the Calculation Agent.

“**Closing Level**” means, on any Trading Day, the official closing level of the Index or any Successor Index published by the Index Sponsor at the Scheduled Closing Time as determined by the Calculation Agent.

“**Final Index Observation Date**” means the Index Observation Date falling on December 20, 2023 (the “**Scheduled Final Index Observation Date**”), subject to postponement in the event such Trading Day is a Disrupted Day as per Term 20(a) below.

“**Index**” means the Solactive Human Capital World MV Index (Bloomberg code: SOHUMAN Index). At the date of these Final Terms, the Index is further described on the following website of the Index Sponsor: <https://www.solactive.com/indices/?se=1&index=DE000SLA3UH0>. Information contained on such website is not incorporated by reference in, and should not be considered a part of, these Final Terms.

“**Initial Observation Date**” means the Trade Date (the “**Scheduled Initial Observation Date**”), subject to postponement in the event such Trading Day is a Disrupted Day as per Term 20(a) below.

“**Index Observation Date**” means December 20, 2020, December 20, 2021, December 20, 2022 and December 20, 2023 (each, a “**Scheduled Index Observation Date**”), each such Scheduled Index Observation Date subject to postponement in the event such Trading Day is a Disrupted Day as per Term 20(a) below.

“**Initial Index Level**” means the Closing Level (as defined above) of the Index on the Initial Observation Date, as calculated by the Calculation Agent.

“**T**” means, with respect to an Index Observation Date and the corresponding Specified Interest Payment Date in the same calendar year (the “**Current Specified Interest Payment Date**”), the number of Specified Interest Payment Dates, if any, (i) from but excluding the last Specified Interest Payment Date on which an Index Linked Interest Amount was paid to but excluding the Current Specified Interest Payment Date, or (ii) from but excluding the Interest Payment Date relating to the Fixed Rate Period to but excluding the Current Specified Interest Payment Date if there has not been any payment of the Index Linked Interest Amount until such Current Specified Interest Payment Date.

For example, if the Index Linked Interest Amount was paid on the immediately preceding Specified Interest

Payment Date, then T would be zero in respect of the Current Specified Interest Payment Date.

(ii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	As set out in Term 17(i) above
(iii) Interest Determination Date(s):	Each Index Observation Date
(iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	As set out in Term 20 below
(v) Interest Period(s):	As specified in Condition 5(l)
(vi) Specified Interest Payment Dates:	December 28 in each year, from and including December 28, 2020, to and including the Maturity Date, not subject to adjustment in accordance with a Business Day Convention
(vii) Interest Period Date:	Each Specified Interest Payment Date
(viii) Business Day Convention:	Not Applicable
(ix) Business Center(s) (Condition 5(l)):	London and New York
(x) Minimum Rate of Interest:	Not Applicable
(xi) Maximum Rate of Interest:	Not Applicable
(xii) Day Count Fraction (Condition 5(l)):	30/360

PROVISIONS RELATING TO REDEMPTION

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| 18. Final Redemption Amount of each Note (Condition 6): | USD 2,000 per Calculation Amount |
| 19. Early Redemption Amount (Condition 6(c)): | The Early Redemption Amount per Calculation Amount, upon it becoming due and payable as provided in Condition 9, shall be the fair market value of the Notes taking into account the event leading to the early redemption, as determined by the Calculation Agent in good faith and according to the best market practice, provided that the Early Redemption Amount shall never be less than USD |

2,000 per Calculation Amount. Any Early Redemption Amount not paid when due as provided in Condition 9, shall be payable together with accrued interest calculated in accordance with Condition 5 applying the terms set forth in Term 16.

ADDITIONAL PROVISIONS RELATING TO THE INDEX

20. Index-Related Events:
- (a) Scheduled Index Observation Date or Scheduled Initial Observation Date, as applicable, is a Disrupted Day:
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If, in the opinion of the Calculation Agent, the Scheduled Index Observation Date or the Scheduled Initial Observation Date, as applicable, occurs on a day that is a Disrupted Day, then the Index Observation Date or the Initial Observation Date, as applicable, will be postponed until the first following Trading Day that is not a Disrupted Day, unless each of the eight consecutive Trading Days immediately following the Scheduled Index Observation Date or the Scheduled Initial Observation Date, as applicable, is a Disrupted Day. In that case, (i) the eighth such consecutive Trading Day shall be deemed to be the Index Observation Date or the Initial Observation Date, as applicable, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the relevant Closing Level of the Index on such Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the exchange traded or quoted price as of the Scheduled Closing Time on the last such consecutive Trading Day of each Component Security (or, if an event giving rise to a Disrupted Day has occurred in respect of a Component Security on such eighth consecutive Trading Day, its good faith estimate of the value for the relevant security as of the Scheduled Closing Time on such eighth consecutive Trading Day).

- (b) Successor Index and Index Cancellation:

If the Index Sponsor discontinues publication of the Index (an “**Index Cancellation**”) and another entity (the “**Successor Index Sponsor**”) publishes a successor or substitute Index that the Calculation Agent determines, in good faith and according to the best market practice, to be comparable to the Index (a “**Successor Index**”), then, the Calculation Agent will substitute the Successor Index as calculated by the Successor Index Sponsor for the Index.

In the event of an Index Cancellation and:

- the Calculation Agent does not select a Successor Index, or

- the Successor Index is no longer published on any of the relevant Trading Days,

the Calculation Agent will (but without prejudice to the occurrence and the consequences of the occurrence of an Amendment Event pursuant to Term 21) compute a substitute level for the Index in accordance with the procedures last used to calculate the level of the Index before any discontinuation but using only those securities that composed the Index prior to such discontinuation until such time as a Successor Index is selected or the Final Index Observation Date, whichever is earlier.

If in accordance with the previous paragraphs, a Successor Index is selected or the Calculation Agent calculates a level as a substitute for the Index as described above the Successor Index or level will be used as a substitute for the Index for all purposes after such selection or substitution, including for purposes of determining whether a Market Disruption Event exists, even if the Index Sponsor elects to begin republishing the Index, unless the Calculation Agent in good faith and according to the best market practice decides to use the republished Index.

(c) Index Modification:

If, at any time, the method of calculating the level of the Index or the level of the Successor Index changes in any material respect, or if the Index or Successor Index is in any other way modified so that the Index or Successor Index does not, in the opinion of the Calculation Agent, fairly represent the level of the Index had those changes or modifications not been made, then, from and after that time, the Calculation Agent will on each date that the closing level of the Index is to be calculated, make any adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a calculation of a level of a stock index comparable to the Index or such Successor Index, as the case may be, as if those changes or modifications had not been made, and calculate the Closing Level with reference to the Index or such Successor Index, as so adjusted. Accordingly, if the method of calculating the Index or a Successor Index is modified and has a dilutive or concentrative effect on the level of such index (including, but not limited to a share or stock split), then the Calculation Agent will adjust such index in order to arrive at a level of such index as if it had not been modified (including, but not limited to, as if a share or stock split had not occurred).

(d) Correction of the Index:

With the exception of any corrections published after the day which is three Trading Days prior to the Specified

Interest Payment Date, if the level of the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor, no later than five Trading Days following the date of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Trading Days prior to the Specified Interest Payment Date will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

21. Amendment Event / Early Index
Linked Interest Amount:

In the event of the occurrence of an Amendment Event, the Issuer shall be required to pay an amount (which may be zero), calculated per Calculation Amount, equal to the Early Index Linked Interest Amount as soon as practicable after the Amendment Event occurs. For the avoidance of doubt, the occurrence of an Amendment Event shall not alter the Issuer's obligation to pay an amount equal to the Specified Denomination per Calculation Amount on the Maturity Date.

The term "**Amendment Event**" means the occurrence of either of the following events:

- (i) an Index Cancellation occurs on or before the Final Index Observation Date and the Calculation Agent determines, in good faith and according to the best market practice, that the application of the provisions of Term 20(b) does not achieve a result providing investors with a comparable financial exposure; or
- (ii) the Calculation Agent determines that a Hedging Event has occurred.

The Calculation Agent shall forthwith give notice (the "**Notice**") to the Issuer and the Global Agent of a determination made under paragraph (i) or (ii) above.

The Issuer shall give notice to the Noteholders as soon as practicable in accordance with Condition 12(c) and (d) to the extent applicable, stating the receipt of the Notice, giving details of the relevant determination made by the Calculation Agent and the date on which the Early Index Linked Interest Amount will be paid.

"**Change In Law**" means that, on or after the Trade Date, (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including

any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in good faith and according to the best market practice that:

(a) it has become illegal for it to hold, acquire or dispose of any relevant hedge positions relating to the Index; or

(b) it would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the Notes in issue or in holding, acquiring or disposing of any relevant hedge position relating to the Index.

“Early Index Linked Interest Amount” means the fair market value of the equity option embedded in each Note, as determined by the Calculation Agent in good faith and according to the best market practice. The Early Index Linked Interest Amount could be zero, but shall not be less than zero.

The Early Index Linked Interest Amount will be determined by the Calculation Agent on or as soon as reasonably practicable after the Amendment Event occurs.

“Hedging Disruption” means that the Issuer is in practice unable, acting in good faith and after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) (including swap transactions) or asset(s) or any futures or options contract(s) necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer or issuing and performing its obligations with respect to the Notes, or (B) realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or futures or option contract(s) or any relevant hedge positions relating to the Index.

“Hedging Event” means each of Change in Law, Hedging Disruption and Increased Cost of Hedging.

“Increased Cost of Hedging” means that the Issuer would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) (including swap transactions) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the

Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its respective affiliates shall not be deemed an increased cost of hedging.

The Issuer shall be entitled to determine the Early Index Linked Interest Amount and to determine whether an Amendment Event has occurred in lieu of the Calculation Agent, in the event the Calculation Agent is unable to fulfil its obligations hereunder due to its bankruptcy, insolvency (or other similar proceedings), or it becoming subject to the appointment of an administrator or other similar official, with insolvency, rehabilitative or regulatory jurisdiction over it.

22. Additional Definitions:

“Calculation Agent” means BNP Paribas or such successor calculation agent as may from time to time be appointed by the Issuer. All determinations made by the Calculation Agent will be made in good faith and according to the best market practice and, absent a determination of a manifest error, will be conclusive for all purposes and binding on the holders and beneficial owners of the Securities. Neither the Calculation Agent nor the Issuer will have any responsibility for good faith errors or omissions in calculating or disseminating information regarding the Index or any Successor Index or as to modifications, adjustments or calculations by the Index Sponsor or any Successor Index Sponsor in order to arrive at the level of the Index or any Successor Index.

“Component Security” means any security comprised in the Index.

“Disrupted Day” means a Trading Day in respect of which the Calculation Agent has determined a Market Disruption Event has occurred or is continuing.

“Early Closure” means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its normally Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange system for execution at the close of trading on such Exchange Business Day.

“Exchange” means in respect of each Component Security the principal stock exchange on which such Component Security is principally traded.

“Exchange Business Day” means any Trading Day on which the Index Sponsor publishes the level of the Index, each Exchange and Related Exchange is open for business during its regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its scheduled weekday closing time and the Issuer determines in good faith and according to the best market practice that it is able to hedge its obligations in respect of the Index.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent in good faith and according to the best market practice) the ability of market participants in general to effect transactions in or obtain market values for (A) any Component Security on the Exchange in respect of such Component Security or (B) futures or options contracts relating to the Index on the Related Exchange.

“Index Sponsor” means Solactive AG.

“Market Disruption Event,” as determined by the Calculation Agent in good faith and according to the best market practice, means in respect of any Trading Day:

- (i) that the Index Sponsor fails to publish the level of the Index, or
- (ii) in respect of any Component Securities, that an Exchange or any Related Exchange fails to open for trading during its regular trading session or
- (iii) the occurrence or existence of any of the following events:
 - a Trading Disruption in respect of such Component Security, if the Calculation Agent determines it is material, at any time during the one hour period that ends at the close of trading for an Exchange or Related Exchange on which such Component Security is principally traded; or
 - an Exchange Disruption in respect of such Component Security, if the Calculation Agent determines it is material, at any time during the one hour period that ends at the close of trading for an Exchange or Related Exchange on which such Component Security is principally traded; or
 - an Early Closure in respect of such Component Security

and

- the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at any time, then the relevant percentage contribution of that security to the level of the Index will be based on a comparison of (i) the portion of the level of the Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

Notwithstanding the occurrence of a Market Disruption Event in respect of any Trading Day as described above, if such Market Disruption Event occurs solely as a result of the failure of the Index Sponsor to publish a level for the Index, the Calculation Agent may (but is not obliged to) disregard such Market Disruption Event in respect of such day and determine the level of the Index for such day as described under Term 20(b) “Index Related Events – Successor Index and Index Cancellation”.

“**Related Exchange**” means each exchange or quotation system on which futures or options contracts relating to the Index are traded and where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the futures or options contracts relating to such Index has temporarily relocated (*provided* that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original related exchange).

“**Scheduled Closing Time**” means the scheduled closing time of an Exchange or the Related Exchange, as applicable, on any Trading Day, without regard to after hours or any other trading outside of the regular trading hours.

“**Trade Date**” means December 21, 2018.

“**Trading Day**” means any day on which the Index Sponsor is scheduled to publish the level of the Index, the Exchange and Related Exchange is scheduled to be open for trading during its regular trading sessions and the Issuer determines in good faith and according to the best market

practice that it is able to hedge its obligations in respect of the Index.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise, whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise, (i) relating to any Component Security on the Exchange or in respect of such Component Security or (ii) in options contracts or futures contracts relating to the Index on the Related Exchange.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes (Condition 1(a)): Registered Notes:
Global Registered Certificate available on Issue Date
24. New Global Note: No
25. Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)): London and New York
26. Governing law (Condition 14): English
27. 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.

Due to the selection of the Component Securities, which are beyond the control of the Issuer or the Calculation Agent, the Index may not result in any Index Linked Interest Amount on the Specified Interest Payment Dates

The objective of the Index is to track the performance of up to 50 listed equities, incorporated in the world and traded on developed American, European and Asian markets, which are selected based on qualitative and quantitative criteria, including strong environmental, social and corporate governance principles. The final portfolio will meet weighting criteria (each stock must be comprised between 1% and 5%), sectors and geographical criteria (amount of stocks per region must be between 10% and 50%, with a maximum of 33% stocks from the same sector) with the lowest expected volatility. Because the extent of past increases in the prices of particular stocks is not a factor used in selecting the Component Securities, it does not necessarily include stocks that have experienced price increases in the past. No assurance can be given that the stock selection criteria will result in any Index Linked Interest Amount or that the Index will perform well or outperform any alternative investment that might be constructed from the Component Securities.

The Closing Index Level on each Index Observation Date may be less than the Initial Index Level and the Index may not result in any Index Linked Interest Amount on the Specified Interest Payment Dates

The Index Linked Interest Amount, if any, that the Noteholders will be entitled to on the Specified Interest Payment Dates will depend on whether the Closing Index Level on the relevant Index Observation Date is equal to

or greater than the Initial Index Level. If the Closing Index Level on each Index Observation Date is less than the Initial Index Level, the Noteholders will receive no Index Linked Interest Amount during the Index Linked Period. As a result, you may receive no Index Linked Interest Amount throughout the term of the Notes and your coupon payment throughout the term of the Notes may be limited to the Fixed Coupon Amount during the first year of the Notes. Additionally, the secondary market value of the Notes, if such a market exists, will be impacted by the Closing Index Level on any previous Index Observation Dates, because such Closing Index Levels will affect the Index Linked Interest Amount, if any.

In case of an Amendment Event, Noteholders will receive for each USD 2,000 nominal amount of Notes held an Early Index Linked Interest Amount which may not reflect the performance of the Index throughout the term of the Notes

In the event of the occurrence of an Amendment Event (which includes an Index Cancellation, as described in Term 21 “Amendment Event / Early Index Linked Interest Amount”), the Issuer shall be required to pay an amount (which may be zero), calculated per USD 2,000 nominal amount of Notes, equal to the Early Index Linked Interest Amount (as defined in Term 21), as soon as possible after the occurrence of such Amendment Event, which may be earlier than the scheduled Maturity Date. Such Early Index Linked Interest Amount will be the fair market value of the equity option embedded in each Note, as determined by the Calculation Agent in good faith and according to the best market practice and may not reflect the performance of the Index throughout the term of the Notes. Should an Amendment Event occur prior to the Maturity Date, there will be no Index Linked Interest Amount in respect of any subsequent Specified Interest Payment Date, and therefore Noteholders will not benefit from or participate in any increase in the value of the Index after such Amendment Event.

An investment in the Notes is not the same as an investment in the securities underlying the Index

The payment of dividends on the Component Securities has no effect on the calculation of the Index level. Therefore, the return on the Noteholders’ investment based on the percentage change in the Index is not the same as the total return based on the purchase of those underlying securities held for a similar period. As investors in the Notes, Noteholders will not have voting rights or any right to receive dividends or other

distributions or any other rights with respect to the Component Securities.

Noteholders have no recourse to the Index Sponsor or to the issuers of the Component Securities

The Notes are not sponsored, endorsed, sold or promoted by the Index Sponsor or by any issuer of the Component Securities. Neither the Index Sponsor nor any such issuer has passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Notes. Neither the Index Sponsor nor any such issuer makes any representation or warranty, express or implied, to prospective investors in the Notes or any member of the public regarding the advisability of investing in the Component Securities generally or the Notes particularly, or the ability of the Index to track general stock performance. The Index Sponsor has no obligation to take the needs of IBRD or the needs of the Noteholders into consideration in determining, composing or calculating the Index. Neither the Index Sponsor nor any issuer of the Component Securities comprising the Index is responsible for, and none of them has participated in the determination of, the timing, prices or quantities of the Notes to be issued. Neither the Index Sponsor nor any such issuer has any liability in connection with the administration, marketing or trading of the Notes.

Historical performance of the Index is not indicative of future performance

The future performance of the Index cannot be predicted based on its historical performance. IBRD cannot guarantee that the level of the Index will increase.

The Index Sponsor may discontinue publication of the Index

If the Index Sponsor discontinues or suspends the calculation of the Index, it may become difficult to determine the market value of the Notes or the amount payable in respect of the Notes. The Calculation Agent may designate a successor index selected in good faith and according to the best market practice. If the Calculation Agent determines in good faith and according to the best market practice that no successor index comparable to the discontinued or suspended Index exists, the amount Noteholders receive may be determined by the Calculation Agent in good faith and according to the best market practice. Any of these actions could adversely affect the value of the Notes. Adjustments to the Index could adversely affect the Notes

The Index Sponsor can add, delete or substitute the securities underlying the Index or make other

methodological changes that could change the value of the Index at any time. The Index Sponsor may discontinue or suspend calculation or dissemination of the Index. The Index Sponsor has no obligation to consider the interests of the Noteholders in calculating or revising its Index.

28. Other final terms:

Disclaimers and Agreements

(a) The financial instrument is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the financial instrument. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the financial instrument constitutes a recommendation by Solactive AG to invest capital in said financial instrument nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this financial instrument.

(b) The Issuer shall have no liability for any act or failure to act by an Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. The Issuer does not have any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. A description of the Index is attached to these Final Terms as Schedule I. All information contained in these Final Terms regarding the Index, including, without limitation, the information set forth in Schedule I, its make-up, method of calculation and changes in components, is derived from, and based solely upon, information obtained from publicly available sources it believes reliable, and in particular the Index Sponsor's website above mentioned, and is for informational purposes only and should not be relied upon by the Noteholder or prospective investor. As such, neither the Calculation Agent nor Issuer will have any responsibility for errors or omissions in calculating or disseminating information regarding the Index or any Successor Index or as to modifications, adjustments or calculations by the Index Sponsor or any Successor Index Sponsor in order to arrive at the level of the Index or any Successor Index. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer or the Calculation

Agent as to the accuracy, completeness and timeliness of information concerning the Index or Successor Index.

(c) By investing in the Notes, each investor represents and agrees that:

- (i) it has made its own independent decision to invest in the Notes based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer, the Index Sponsor, the Calculation Agent, or the Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer, the Calculation Agent, the Index Sponsor or the Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes;
- (ii) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes, including but not limited to the risks set out in these Final Terms (which are not, and do not intend to be, exhaustive). It is also capable of assuming, and assumes, the risks of the investment in the Notes;
- (iii) it has fully considered the market risk associated with an investment linked to the Index. Each Noteholder and investor in the Notes understands that none of the Issuer, the Calculation Agent, the Dealer or the Index Sponsor purports to be a source of information on market risks with respect to the Index;
- (iv) it understands and acknowledges that the value of the Index is calculated based on the rules of the Index as set out in the Index conditions. The Index conditions may be amended by the Index Sponsor at any time, and such amendments may be prejudicial to the Noteholder; and
- (v) it understands and acknowledges that the website addresses provided herein are not incorporated by reference in, and should not be considered a part of, these Final Terms.

(d) 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**”).”

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

DISTRIBUTION

- | | | |
|-----|--|---|
| 29. | (i) If syndicated, names of Managers and underwriting commitments: | Not Applicable |
| | (ii) Stabilizing Manager(s) (if any): | Not Applicable |
| 30. | If non-syndicated, name of Dealer: | BNP Paribas |
| 31. | 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.

- | | | |
|-----|----------------------------------|--|
| 32. | 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

- | | | |
|-----|-------------------------------|-------------------------------|
| 33. | ISIN Code: | XS1917880285 |
| 34. | Common Code: | 191788028 |
| 35. | Delivery: | Delivery against payment |
| 36. | Registrar and Transfer Agent: | Citibank, N.A., London Branch |

37. 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**”); and (ii) IBRD’s most recent Information Statement dated September 17, 2018. 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 Authorised 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.

The Dealer has undertaken to subscribe for a minimum amount of Notes equal to USD 5,000,000 under the Terms Agreement – entered into on November 28, 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.

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.

During the Offer Period, the Notes will be distributed without any underwriting commitment by the Authorised Offerors, pursuant to certain distribution agreements between the Dealer and the Authorised Offerors. On the Issue Date, the Notes will be subscribed for by the Dealer acting as principal and then assigned by the Authorised Offerors in the context of the offer of the Notes.

The Dealer has undertaken to subscribe for a minimum amount of Notes equal to USD 5,000,000 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 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 December 3, 2018 at 9.00 am CET time to and including December 20, 2018, at 4.00 pm CET time, subject to any early closing or extension of the Offer Period as described under paragraphs (iii) and (v) below.

The Notes will be distributed through door-to-door selling (*offerta fuori sede*) pursuant to Article 30 of the Italian Legislative Decree No. 58 of 24 February 1998, as amended from time to time (the “**Italian Financial Services Act**”) from and including December 3, 2018 at 9.00 am CET time to and including December 20, 2018, at 4.00 pm CET time, subject to any early closing or extension of the Offer Period as described under paragraphs (iii) and (v) below.

The Notes will be distributed through distance communication techniques (*tecniche di comunicazione a distanza*) pursuant to article 32 of the Italian Financial Services Act from and including December 3, 2018 at 9.00 am CET time to and including December 13, 2018, at 4.00 pm CET time, subject to any early closing or extension of the Offer Period as described under paragraphs (iii) and (v) 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 0.40 per cent. per annum (including VAT, if any) of the Specified Denomination of the Notes distributed by each Authorised Offeror.

Investors should take into consideration that if the Notes are sold on the secondary market after the Offer Period, the above-mentioned commissions included in the Offer Price are not taken into consideration in determining the price at which such Notes may be sold in the secondary market.

(iii) Early closing, withdrawal and cancellation, extension: The Issuer reserves the right, in agreement with the Dealer, to close the Offer Period early before the total

amount of Notes requested to be purchased exceeds the Total Amount of the Offer (as defined under (vi) below). The Issuer will inform the public of the early closure of the Offer Period by means of a notice to be published on the website www.obbligazionisostenibili.org. The early closure of the Offer Period will be effective from the day following the day of publication of the relevant notice.

The Issuer reserves the right, in agreement with the Dealer, to withdraw the offer of the Notes and cancel the issuance of the Notes at any time before the Issue Date 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 will have occurred. The Issuer will inform the public of the withdrawal of the offer of the Notes and the cancelation of the issuance of the Notes by means of a notice to be published on the website www.obbligazionisostenibili.org.

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 Issuer reserves the right, in agreement with the Dealer, to extend the Offer Period. The Issuer will inform the public of the extension of the Offer Period by means of a notice to be published on the website www.obbligazionisostenibili.org.

- (iv) Conditions to which the offer is subject: The offer of the Notes is conditional on their issue.
- The final amount of the Notes issued will be determined by the Issuer in light of prevailing market conditions and in its sole and absolute discretion.
- (v) Description of the application process: A prospective Noteholder will purchase the Notes in accordance with the arrangements in place between the relevant Authorised Offeror and its customers, relating to the purchase of securities generally. Noteholders (other than the Dealer) will not enter into any contractual arrangements directly with the Issuer in connection with the offer or purchase of the Notes.
- During the Offer Period, investors may apply for the purchase of the Notes during normal Italian banking hours at the offices (*filiali*) of any Authorised Offerors by filling in, duly executing (also by appropriate attorneys) and delivering a specific acceptance form. Acceptance forms are available at each Authorised Offeror's office.

The purchase application can be revoked by the potential investors through a specific request made at the offices of the Authorised Offeror which has received the relevant acceptance forms within the last day of the Offer Period, as amended in the event of an early closure or extension of the Offer Period.

Authorised Offerors intending to distribute Notes through door-to-door selling (*offerta fuori sede*) pursuant to article 30 of the Italian Financial Services Act will collect the acceptance forms – other than directly at their branches and offices – through financial advisors (*consulenti finanziari abilitati all'offerta fuori sede*) pursuant to Article 31 of the Italian Financial Services Act.

Pursuant to Article 30, paragraph 6, of the Italian Financial Services Act, the validity and enforceability of contracts entered into through door-to-door selling is suspended for a period of 7 (seven) days beginning on the date of purchase by the relevant investor. Within such period investors may notify the relevant Authorised Offeror of their withdrawal without payment of any charge or commission.

The Notes will be also distributed through distance communication techniques (*tecniche di comunicazione a distanza*) pursuant to article 32 of the Italian Financial Services Act (e.g., through the trading-online platform of the Authorised Offerors or recorded telephone orders). In this case, investors may purchase the Notes after being identified by the Authorised Offeror, by using their personal password/identification codes.

Pursuant to article 67-*duodecies* of the Italian Legislative Decree No. 206/2005 as amended (the so-called “*Codice del Consumo*”), the validity and enforceability of the contracts entered into through distance communication techniques (*tecniche di comunicazione a distanza*) is suspended for a period of 14 (fourteen) days beginning on the date of purchase by the relevant investor. Within such period investors may notify the relevant Authorised Offeror of their withdrawal without any charge or commission.

Each Authorised Offeror is responsible for the notification of any withdrawal right applicable in relation to the offer of the Notes to potential investors.

Applicants having no client relationship with the Authorised Offeror with whom the acceptance form is filed may be required to open a current account or to make a temporary non-interest bearing deposit of an amount equal to the counter-value of the Notes requested, calculated on the basis of the Issue Price of the Notes. In the event that the Notes are not allotted or only partially allotted, the total amount paid as a temporary deposit, or any difference with the counter-value of the Notes allotted, will be repaid to the applicant without charge by the Issue Date.

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 of the Notes.

The Notes may be purchased in a Minimum Lot or an integral number of Notes greater than the Minimum Lot.

Multiple applications may be filled in and delivered by the same applicants with the same or different Authorised Offeror, without prejudice to the circumstance that for the purposes of the allotment each applicant will be considered individually, independently of the number of acceptance forms delivered.

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, in order to participate in the offer solely on behalf of their clients, must complete the relevant acceptance form for each client by entering the client's fiscal code in the appropriate box.

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, provided that these parties sign the appropriate form in the name and on behalf of the applicant, 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.

Applications received by the Authorised Offerors prior to the start of the Offer Period or after the closing date of the Offer Period, will be considered as not having been received and will be void.

(vi)	Details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest):	<p>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 5,000,000 based on the underwriting commitment of the Dealer under the Terms Agreement — up to a maximum amount of USD 100,000,000 based on the decision of the Issuer and on the demand from the investors (the “Total Amount of the Offer”).</p> <p>The Issuer reserves the right, in agreement with the Dealer, to increase the Total Amount of the Offer during the Offer Period. The Issuer will inform the public of the size increase by means of a notice to be published on the website www.obbligazionisostenibili.org.</p> <p>Minimum purchase amount per investor: USD 2,000 (the “Minimum Lot”).</p> <p>Maximum purchase amount of the Notes to be applied for by each investor is the Total Amount of the Offer.</p>
(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. Prospective Noteholders will be notified by the relevant Authorised Offeror of the settlement arrangements in respect of Notes.
(viii)	Manner and date in which results of the offer are to be made public:	The results of the offer of the Notes will be published as soon as possible on the website www.obbligazionisostenibili.org .
(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:
- There are no pre-identified allotment criteria. The Authorised Offerors will adopt allotment criteria that ensure equal treatment of prospective investors.
- All of the Notes requested through the Authorised Offerors during the Offer Period will be assigned up to the Total Amount of the Offer.
- In the event that during the Offer Period the requests exceed the Total Amount of the Offer the Issuer will at its discretion, either, (i) proceed to increase the size of the offer or, (ii) early terminate the Offer Period and suspend the acceptance of further requests.
- 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 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.
- Each Authorised Offeror will notify applicants of amounts allotted immediately after the publication of the results mentioned in paragraph (viii) above and, in any event, before the Issue Date.
- No dealings in the Notes may take place prior to the Issue Date.
- (xii) Amount of any expenses and taxes specifically charged to the Noteholders:
- (A.) Distribution commissions: see above paragraph (ii).
- (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.
- (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 list of the Authorised Offerors is published on the following website: www.obbligazionisostenibili.org on the date of these Final Terms.

LISTING APPLICATION

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. The Issuer is not a sponsor of, nor is it responsible for, the admission to listing and trading of the Notes on the MOT Market and no assurance can be given that any such application will be successful.

RESPONSIBILITY

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

Signed on behalf of IBRD:

Akichandani

By:

Name:

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 issued by the International Bank for Reconstruction and Development (the "Issuer"). The Notes are structured debt securities linked to the performance of the Solactive Human Capital World MV Index. A Note entitles the holder to receive from the Issuer at maturity USD 2,000 per Calculation Amount plus an annual amount equal to the Index Linked Interest Amount (if any – see below) after the first anniversary of the Notes. There is a fixed coupon payment only on the first anniversary of the Notes. As the Notes have a minimum payout of USD 2,000 per Calculation Amount on the Maturity Date, the Issuer is also the entity which protects the payment on the Maturity Date of no less than the Specified Denomination. The principal is therefore not at risk **if the Notes are held to maturity**, subject to Issuer credit risk (insolvency or payment default of the Issuer) and subject to the potential foreign exchange risk if the Noteholder converts into Euro the payout (Fixed Coupon Amount, Nominal Amount, Early Index linked Interest Amount (if any) and Index Linked Interest Amount(s) (if any)) it receives in USD.

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, there is a fixed coupon payment on the first anniversary of the Notes. After the first anniversary of the Notes, the Index Linked Interest Amount, if any, that the Noteholders will be entitled to on the Specified Interest Payment Dates will depend on whether the Closing Index Level on the relevant Index Observation Date is equal to or greater than the Initial Index Level. If the Closing Index Level on the relevant Index Observation Date is equal to or greater than the Initial Index Level, the Noteholder will be entitled to the Index Linked Interest Amount on the immediately following Specified Interest Payment Date. However, if the Closing Index Level on the relevant Index Observation Date is less than the Initial Index Level, the Noteholders will receive no Index Linked Interest Amount on the immediately following Specified Interest Payment Date. Positive performance of the Index is not guaranteed.

Do I have any right to receive any of the assets in the Index?

No. Except for the calculation of the Index Linked Interest Amount, there is no link with the Index and the assets used as a reference for this Index. Noteholders have no right to the assets in the Index.

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 0.40 per cent. per annum (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 27 "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?

Schedule II 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 I TO THE FINAL TERMS

The information contained in this Schedule I (including, website addresses and details of publication methods and dates) is stated as at the Issue Date of the Notes only, and is subject to change. This information has been compiled using publicly available sources. The Issuer makes no representation or warranty, whether express or implied, as to the completeness or accuracy of such information.

Solactive Human Capital World MV Index

The Index tracks the price movements in shares of companies that have a high dividend, relatively low historical volatility and pass several corporate social responsibility screens applied by the Index Adviser (Vigeo) and the Index Provider (Solactive).

This Index has been designed to provide investors with exposure to a selection of World companies meeting certain environmental, social and governance (ESG) standards as well as ethical criteria. The Index relies also on financial criteria to select the companies.

More information on the Index can be found on the following website:
<https://www.solactive.com/indices/?se=1&index=DE000SLA3UH0>

The selection process is a 3-step process:

First step: ESG Control and exclusion of companies by Vigeo (around 850 companies)

Vigeo was founded in 2002 by Nicole Notat and has established itself as a European expert in the assessment of companies and organisations' Social Responsibility (companies, states, local communities, associations, etc...).

Vigeo delivers independent opinions and publishes indices on risks and performances of 4,000 issuers, taking into account a wide field of sustainable development themes, particularly the respect of Human Rights, the valorisation of human capital, business ethics, governance, environment protection and societal commitment.

Vigeo has developed a referential built around 330 indicators and 38 ESG criteria based on universally recognised objectives published by international organisations (UN, ILO, OECD...). This exclusive rating and research methodology and Vigeo rating's research satisfy high quality standard and benefit. Methodology is reviewed by an independent scientific committee and all production processes, from information collection to service delivery, are documented and audited. After being certified according to the ARISTA 3.0 quality standard until March 2018, Vigeo has chosen to certify all its processes to the latest ISO 9001 standard.

The starting point of the selection in the index is the **Vigeo World Developed Universe**, consisting of more than 2,000 companies. These companies are rated by Vigeo on 38 environmental, social and governance issues ("ESG") grouped in 6 domains of analysis with grades on a scale from 0 to 100.

The Index will therefore only include companies with:

- Strong **global ESG score**: exclusion of companies with an ESG score below their region and sector average (or with a score <30)
- **No major involvement in disputable activities**: exclusion of companies involved in alcohol, armament, gambling, nuclear, pornography or tobacco
- **No major involvement in critical controversies**: exclusion of companies not respecting the ILO conventions ("ILO" means International Labour Organization) or the International Bill of Human Rights

- **Low carbon footprint:** exclusion of companies with an involvement identified in production or extraction of Coal or Tar sands and oil shale

Second step: Selection of companies that foster Human Capital development by Vigeo (around 730 stocks)

In order to cover Human Capital, companies are assessed on their behaviour related to the respective sustainable development goals.

The people score (scale from 0 to 100) takes into account two main themes

- 1) Fair work (Diversity, Responsible labor relations, Fair remuneration, Safe working conditions)
- 2) Societal Development (Human rights, Local societies, Fair taxes, Responsible supply chain)

Vigeo will therefore only select companies with a People score:

- Greater than their sector peers per geographical area (EUR, AP, NAM, MEA)
- With a people score greater than 30

Third step: Ensuring that the final selection is suitable for equity index investing (around 530 companies)

The list of companies obtained after applying the Vigeo ESG and SDGs human capital filters is further screened according to financial criteria.

1/ Filters on stock:

- Liquidity: only the companies having an average daily volume on 1 month and 6 months above 5M EUR are kept
- Region: each security is assigned to one of the three regions (North America, Europe, Asia Pacific)
- High dividend: the securities are ranked by dividend yield and the top 25% are selected from the selection universe. If one region is underrepresented (<10%), the next companies with the best dividend yields within the region are added

2/ Final portfolio optimization:

- Weighting: the weighting of each stock must be comprised between 1% and 5%.
- Minimum expected volatility portfolio: the final portfolio is the one meeting all the criteria aforementioned with the lowest expected volatility.
- Sectorial and geographical diversification: the amount of stocks per region must be between 10% and 50%, with a maximum of 33% stocks from the same sector.
- Price return: dividends are not reinvested.

⇒ **The final selection consists of 50 stocks.**

As of March 30th, 2018, the composition of the Index is the following:

Name	BGG Code	Sector	Region	Weight
NTT DOCOMO Inc	943 J Equity	Telecommunications	Asia Pacific	5.59%
Kesko OYJ	KESNOB FH Equity	Consumer Services	Europe	5.35%
AstraZeneca PLC	AZNL LN Equity	Health Care	Europe	5.21%
Atlantia SpA	ATL IM Equity	Industrials	Europe	5.09%
Singapore Telecommunications Ltd	ST SP Equity	Telecommunications	Asia Pacific	5.09%
TELUS Corp	T CT Equity	Telecommunications	North America	5.09%
BCE Inc	BCE CT Equity	Telecommunications	North America	5.02%
Hydro One Ltd	HCT Equity	Utilities	North America	4.99%
Canon Inc	7751 JT Equity	Technology	Asia Pacific	4.96%
ABN AMRO Group NV	ABN NA Equity	Financials	Europe	4.83%
MSAD Insurance Group Holdings Inc	8725 JT Equity	Financials	Asia Pacific	4.80%
Gecina SA	GFC FP Equity	Financials	Europe	4.75%
Koninklijke KPN NV	KPN NA Equity	Telecommunications	Europe	2.75%
Nokia OYJ	NOKIA FH Equity	Technology	Europe	1.21%
Fonciere Des Regions	FDR FP Equity	Financials	Europe	1.08%
Assicurazioni Generali SpA	G IM Equity	Financials	Europe	1.06%
ASR Nederland NV	ASRNL NA Equity	Financials	Europe	1.06%
Hang Seng Bank Ltd	11 HK Equity	Financials	Asia Pacific	1.04%
Weyerhaeuser Co	WY UN Equity	Financials	North America	1.04%
TorontoDominion BankThe	TD CT Equity	Financials	North America	1.03%
Telenor ASA	TEN NO Equity	Telecommunications	Europe	1.03%
UnipolSai Assicurazioni SpA	US IM Equity	Financials	Europe	1.02%
MTR Corp Ltd	66 HK Equity	Consumer Services	Asia Pacific	1.02%
Red Electrica Corp SA	RFE SQ Equity	Utilities	Europe	1.01%
Aareal Bank AG	ARL GY Equity	Financials	Europe	1.01%

Name	BBG Code	Sector	Region	Weight
Ancor Ltd Australia	AMC AT Equity	Industrials	Asia Pacific	1.01%
Roche Holding AG	ROG SE Equity	Health Care	Europe	1.00%
HUGO BOSS AG	BOSS GY Equity	Consumer Goods	Europe	1.00%
HR Block Inc	HRB UN Equity	Consumer Services	North America	1.00%
Sanofi	SAN FP Equity	Health Care	Europe	1.00%
Enbridge Income Fund Holdings Inc	ENF CT Equity	Oil & Gas	North America	1.00%
Iron Mountain Inc	IRM UN Equity	Financials	North America	0.98%
ICADE	ICAD FP Equity	Financials	Europe	0.98%
Kleipierre SA	L11 P Equity	Financials	Europe	0.98%
Swisscom AG	SCMN SE Equity	Telecommunications	Europe	0.98%
Stockland	SGP AT Equity	Financials	Asia Pacific	0.97%
Deutsche Telekom AG	DTE GY Equity	Telecommunications	Europe	0.97%
Power Financial Corp	PWF CT Equity	Financials	North America	0.97%
CaixaBank SA	CABK SQ Equity	Financials	Europe	0.96%
Sino Land Co Ltd	BL HK Equity	Financials	Asia Pacific	0.96%
Carrefour SA	CA FP Equity	Consumer Services	Europe	0.96%
Power Corp of Canada	POW CT Equity	Financials	North America	0.96%
Mediaset Espana Comunicacion SA	TL5 SQ Equity	Consumer Services	Europe	0.94%
Caltex Australia Ltd	CIX AT Equity	Oil & Gas	Asia Pacific	0.93%
APERAM SA	APAM NA Equity	Basic Materials	Europe	0.93%
Telstra Corp Ltd	TLS AT Equity	Telecommunications	Asia Pacific	0.92%
Societe BIC SA	BB FP Equity	Consumer Goods	Europe	0.91%
ING Groep NV	INGA NA Equity	Financials	Europe	0.91%
Occidental Petroleum Corp	OXY UN Equity	Oil & Gas	North America	0.91%
bpost SA	BPOST BB Equity	Industrials	Europe	0.73%

How does the re-weighting of the Index work?

The composition of the Index is reviewed every quarter. The methodology described above is used to determine the new composition of the Index.

Who is the Index Sponsor and what is its role?

Solactive, one of the leading providers of financial markets indices, is the index sponsor and calculation/publication agent. BNP Paribas licences the index.

What happens to distributions made by the Index Companies?

The Index is designed to reflect the price performance of the shares in the Index companies. This means that dividends and similar income distributed by the Index Companies will not be included in the calculation of the value of the Index.

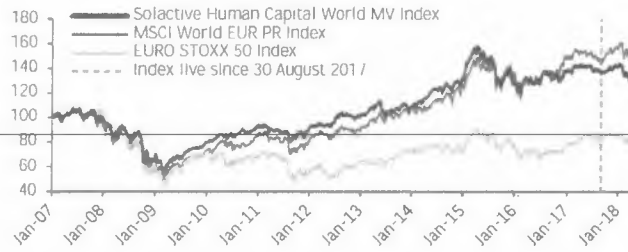
How can I track the Index?

The performance of the Index can be tracked on the following web page:
<https://www.solactive.com/indices/?se=1&index=DE000SLA3UH0>

What was the past performance of the Index?

The Index was launched on August 30th, 2017.

INDEX PERFORMANCE (Simulations until August 29th 2017)⁷



Jan.07 - Mar.18	Solactive Human Capital World MV Index	MSCI World EUR Index	EURO STOXX 50 Index
Return p.a.	2.51%	3.63%	-1.92%
Volatility p.a.	13.62%	16.20%	23.45%
Sharpe Ratio	0.18	0.22	
Max. Drawdown	-49.72%	-55.02%	-60.29%

SCHEDULE II 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.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in a commercial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to

the Notes if the Notes are included in a long-term saving account (piani di risparmio a lungo termine) that meets the requirements set forth Article 1 (100-114) of Law No. 232 of 11 December 2016;

- (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.