

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 websites: www.bancaimi.com and/or www.investimenti.unicredit.it. 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 February 21, 2017

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

**Issue of up to USD 400,000,000 Fixed to Floating Rate Notes with Minimum and Maximum
Interest Rate due March 31, 2024 (the “Notes”)
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 (iii) 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 any Joint Lead Manager 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
- (ii) in any jurisdiction where there are no requirements for such purpose to be complied with; or
- (iii) 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 any Joint Lead Manager 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: | 4775 |
| | (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 400,000,000, subject to increase as set forth under “Terms and Conditions of the Public Offer – (xi) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made” 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 websites: www.bancaimi.com and www.investimenti.unicredit.it |
| | (ii) Tranche: | Up to USD 400,000,000, subject to increase as set forth under “Terms and Conditions of the Public Offer – (xi) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made” below.

The final Aggregate Nominal Amount of the Tranche will be published as soon as possible after the closing of the Offer Period on the following websites: www.bancaimi.com and www.investimenti.unicredit.it |
| 5. | (i) Issue Price: | 100 per cent. of the Specified Denomination for each Note |
| | (ii) Net Proceeds: | 100 per cent. of the Aggregate Nominal Amount, as |

- determined after the closing of the Offer Period
6. (i) Specified Denominations (Condition 1(b)): USD 2,000
- (ii) Calculation Amount (Condition 5(j)): USD 2,000
7. Issue Date: March 31, 2017
8. Maturity Date (Condition 6(a)): March 31, 2024
9. Interest Basis (Condition 5): Fixed Rate and Floating Rate
(further particulars specified in terms 16 and 17 below)
10. Redemption/Payment Basis (Condition 6): Redemption at par
11. Change of Interest or Redemption/Payment Basis: Fixed Rate from and including the Issue Date to but excluding March 31, 2019 (the “**Fixed Rate Period**”).
Floating Rate from and including March 31, 2019 to but excluding the Maturity Date (the “**Floating Rate Period**”)
12. Call/Put Options (Condition 6): Not Applicable
13. Status of the Notes (Condition 3): Unsecured and unsubordinated
14. Listing: These Final Terms comprise the final terms required for the admission to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange’s regulated market of the Notes described herein issued pursuant to the Global Debt Issuance Facility of International Bank for Reconstruction and Development
15. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions (Condition 5(a)): Applicable during the Fixed Rate Period
- (i) Rate of Interest: 1.70 per cent. per annum payable quarterly in arrear

- (ii) Interest Payment Dates: March 31, June 30, September 30 and December 31 in each calendar year, from and including June 30, 2017, to and including March 31, 2019, not subject to adjustment in accordance with a Business Day Convention
- (iii) Interest Period Date: Each Interest Payment Date
- (iv) Business Day Convention: Not Applicable
- (v) Fixed Coupon Amount: USD 8.50 per Calculation Amount
- (vi) Day Count Fraction (Condition 5(l)): 30/360
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable
17. Floating Rate Note Provisions (Condition 5(b)):
- (i) Interest Period(s): The period from and including March 31, 2019 to but excluding June 30, 2019 and each successive period from and including the next succeeding Specified Interest Payment Date to but excluding the next succeeding Specified Interest Payment Date
- (ii) Specified Interest Payment Date(s): March 31, June 30, September 30 and December 31 in each calendar year from and including June 30, 2019 to and including the Maturity Date, not subject to adjustment in accordance with a Business Day Convention
- (iii) Interest Period Date(s): Each Specified Interest Payment Date
- (iv) Business Day Convention: Not Applicable
- (v) Business Centre(s) (Condition 5(l)): Not Applicable
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: ISDA Determination
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): Citibank, N.A., London Branch
- (viii) ISDA Determination

(Condition 5(b)(ii)(B):

- Floating Rate Option: USD-LIBOR-BBA
- Designated Maturity: 3 months
- Reset Date: The first day of each Interest Period during the Floating Rate Period
- (ix) Margin(s): Not Applicable
- (x) Minimum Rate of Interest: 0.00 per cent. per annum
- (xi) Maximum Rate of Interest: From and including March 31, 2019:
 - (a) with respect to each of the Interest Periods ending on but excluding June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020, the Maximum Rate of Interest will be 2.00 per cent. per annum;
 - (b) with respect to each of the Interest Periods ending on but excluding June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021, the Maximum Rate of Interest will be 2.00 per cent. per annum;
 - (c) with respect to each of the Interest Periods ending on but excluding June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022, the Maximum Rate of Interest will be 2.35 per cent. per annum;
 - (d) with respect to each of the Interest Periods ending on but excluding June 30, 2022, September 30, 2022, December 31, 2022 and March 31, 2023, the Maximum Rate of Interest will be 2.35 per cent. per annum; and
 - (e) with respect to each of the Interest Periods ending on but excluding June 30, 2023, September 30, 2023, December 31, 2023 and the Maturity Date, the Maximum Rate of Interest will be 3.00 per cent. per annum.

(xii) Day Count Fraction 30/360
(Condition 5(l):

(xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those Not Applicable

set out in the Conditions:

PROVISIONS RELATING TO REDEMPTION

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|--|---|
| 20. | Form of Notes (Condition 1(a)): | <p>Bearer Notes:</p> <p>Temporary Global Note exchangeable for a Permanent Global Note on the Exchange Date.</p> <p>Exchange Date in respect of Temporary Global Note:
May 10, 2017</p> |
| 21. | New Global Note: | Yes |
| 22. | Financial Centre(s) or other special provisions relating to payment dates (Condition 7(h)): | London, New York and TARGET Business Days |
| 23. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature) (Condition 7(g)): | No |
| 24. | Unmatured Coupons to become void (Condition 7(f)): | No |
| 25. | Governing law (Condition 14): | English |
| 26. | Additional Risk Factors: | <p>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</p> |

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 Joint Lead Managers may be willing to purchase or sell the Notes in the secondary market, including: interest and yield rates in the market, economic, financial, political and regulatory or judicial events that affect the stock markets generally and which may affect the time remaining to the maturity of the Notes and IBRD's creditworthiness. Some or all of these factors may influence the price that Noteholders will receive if they choose to sell their Notes prior to maturity. The impact of any of the factors set forth above may enhance or offset some or all of any change resulting from another factor or factors.

During the Floating Rate Period, the Notes are subject to the Maximum Rates of Interest

The amount of interest payable during the Floating Rate Period is limited by the Maximum Rates of Interest specified in term 17(xi) above. Therefore, the applicable Rate of Interest will, in no circumstances, be greater than the applicable Maximum Rate of Interest. As a result, the Noteholders will not benefit of any future performance of the applicable ISDA Rate in excess of the applicable Maximum Rate of Interest during the Floating Rate Period.

27. Other final terms:

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

DISTRIBUTION

28. (i) If syndicated, names of Managers and underwriting commitments: Banca IMI S.p.A. (“**Banca IMI**”) and UniCredit Bank AG, Milan Branch (“**UniCredit**” and, together with Banca IMI, the “**Joint Lead Managers**” and each, a “**Joint Lead Manager**”). The underwriting commitments will be published as soon as possible after the closing of the Offer Period on the following websites: www.bancaimi.com and/or www.investmenti.unicredit.it.
- (ii) Stabilizing Manager(s) (if any): Not Applicable
29. If non-syndicated, name of Dealer: Not Applicable
30. 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.
31. Additional selling restrictions: With respect to offering of the Notes, the first sentence of “Sales Restrictions” appearing under Plan of Distribution on page 54 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 any Dealer that would permit a public offering of any of the Notes, or that would give rise to an obligation for the Issuer or any 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

32. ISIN Code: XS1570406691
33. Common Code: 157040669
34. Delivery: Delivery against payment.
35. Intended to be held in a manner which would allow Eurosystem eligibility: Yes

Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

GENERAL INFORMATION

The following documents of IBRD are incorporated by reference in these Final Terms: (i) Global Debt Issuance Facility Prospectus dated May 28, 2008 (the “**Prospectus**”); (ii) IBRD’s most recent Information Statement dated September 22, 2016, and (iii) IBRD’s Quarterly Financial Statements (unaudited) dated December 31, 2016. 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 from the Joint Lead Managers a commission for the distribution investment service performed in the context of the offer. Certain Authorised Offerors belongs to the same banking group as the Joint Lead Managers. The fact that the Authorised Offerors receive distribution commissions create possible conflicts of interest.

The Joint Lead Managers, jointly and severally, have undertaken to subscribe for a minimum amount of Notes equal to USD 10,000,000 under the Terms Agreement entered into on February 21, 2017 by Banca IMI, UniCredit and the Issuer (the “**Terms Agreement**”) – irrespective of the outcome of the offer of the Notes.

Application may be made by either of the Joint Lead Managers (or on their behalf) to have the Notes admitted to trading on EuroTLX, a multilateral trading facility managed by EuroTLX SIM S.p.A.

Banca IMI and UniCredit S.p.A, the holding company of the UniCredit Group, are shareholders of EuroTLX SIM S.p.A., who manages the multilateral trading facility EuroTLX where the Notes are expected to be admitted to trading, and as a result, it creates possible conflict of interest considering that Banca IMI and one or more of the companies of the Intesa Sanpaolo Group and/or UniCredit S.p.A. and one or more of the companies of the UniCredit Group, as applicable:

- have elected one or more members of the Board of Directors or of the Board of Statutory Auditors or another controlling body of EuroTLX SIM S.p.A;
- form part of the shareholders’ agreements stipulated between the shareholders of EuroTLX SIM S.p.A; and
- have granted significant financing and are one of the main financial lenders to EuroTLX SIM S.p.A. and its parent and group companies.

Furthermore, EuroTLX SIM S.p.A. is a related party of Banca IMI and UniCredit S.p.A.

In addition, the Joint Lead Managers have undertaken certain obligations in respect of the related swap transaction entered into by IBRD with suitable third parties in order to hedge its obligations under the Notes.

The Joint Lead Managers will retain an implicit mandate commission and charge as compensation of certain operational charges.

The Joint Lead Managers and their affiliates, including certain Authorised Offerors, in the ordinary course of business have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including the provision of loan facilities in a significant amount) and other related transactions with, and may perform advisory, financial and/or non-financial services for, the Issuer and its affiliates. In addition, in the ordinary course of business the Joint Lead Managers and their affiliates, including certain Authorised Offerors, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Joint Lead Managers and their affiliates, including certain Authorised Offerors, may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The existence of such multiple roles and responsibilities for each of the Joint Lead Managers creates possible conflicts of interest, considering that each of the Joint Lead Managers will receive commissions for all the roles assumed in the bond issuance.

The Noteholder understands that although IBRD will enter into the related swap transaction with a swap counterparty in order to hedge its obligations under the Notes, IBRD's rights and obligations under the related swap transaction will be independent of its rights and obligations under the Notes, and Noteholders will have no interest in the related swap transaction or any payment to which IBRD may be entitled thereunder.

TERMS AND CONDITIONS OF THE PUBLIC OFFER

The Issuer has agreed to allow the use of these Final Terms and the Prospectus by the Joint Lead Managers and by any entities appointed as distributors by the Joint Lead Managers (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 is published on the following websites: www.bancaimi.com and/or www.investimenti.unicredit.it.

The offer of the Notes is addressed to the public at large in Italy only. Qualified Investors, as defined for by article 2 of the Prospectus Directive, as implemented by art. 100 of 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 purchase the Notes in the Offer.

During the Offer Period (as defined below), the Notes will be distributed without any underwriting commitment by the Authorised Offerors, pursuant to certain distribution agreements dated February 21, 2017 between the Joint Lead Managers and the Authorised Offerors. On the Issue Date (as defined above), the Notes will be finally subscribed for by Banca IMI acting as principal and then assigned by the Authorised Offerors in the context of the offer of the Notes.

The Joint Lead Managers, jointly and severally, have undertaken to subscribe for a minimum amount of Notes equal to USD 10,000,000 under the Terms Agreement irrespective of the outcome of the offer of the Notes, save in the case of withdrawal of the offer and cancellation of the issuance of the Notes as provided for by clause (iii) below. No undertakings have been made by the Authorised Offerors or third parties to guarantee the outcome of the offer of the Notes in connection of any minimum amount of the Notes. However the Joint Lead Managers may have entered into certain arrangements with third parties in connection with their undertaking commitments under the Terms Agreement and in order to ensure a successful outcome of the offer of the Notes and the list of such

parties is published on the following websites: www.bancaimi.com and/or www.investimenti.unicredit.it.

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 any Joint Lead Manager 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.

Without prejudice to the provisions of clause (iii) below regarding the withdrawal of the offer and cancellation of the issuance of the Notes, the Notes will be issued for a minimum amount of USD 10,000,000 based on the underwriting commitment of the Joint Lead Managers under the Terms Agreement — up to a maximum amount of USD 400,000,000 (the “**Maximum Issue Amount**”). The final issue amount will be referred to as the “**Total Amount of the Offer**”.

The Issuer reserves the right, in agreement with the Joint Lead Managers, to increase the Total Amount of the Offer during the Offer Period. The Joint Lead Managers will inform the public of the size increase by means of a notice to be published on the following websites: www.bancaimi.com and/or www.investimenti.unicredit.it.

- (i) Offer Period: From and including February 23, 2017 at 9.00 a.m. CET time to and including March 23, 2017, at 4.00 p.m. CET time, subject to any early closing or extension of the Offer Period as described under (iii) below.

The Notes will be distributed through door-to-door selling by means of financial promoters (*promotori finanziari/consulenti finanziari abilitati all'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 February 23, 2017 at 9.00 a.m. CET time to and including March 16, 2017, at 4.00 p.m. 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 long distance selling techniques (*tecniche di comunicazione a distanza*) pursuant to article 32 of the Italian Financial Services Act from and including February 23, 2017 at 9.00 a.m. CET time to and including March 9, 2017, at 4.00 p.m. 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% of the Specified Denomination of each Note.

The Offer Price includes, per Specified Denomination, (i) a commission for the distribution and promotion of the Notes paid by the Joint Lead Managers to the

Authorised Offerors equal to 2.50 per cent. (including VAT, if any) of the Specified Denomination of the Notes distributed by each Authorised Offeror and (ii) a mandate commission and charge as compensation of certain operational charges retained by the Joint Lead Managers equal to 1.57 per cent. (including VAT, if any) of the Specified Denomination of the Notes.

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 and cancellation: The Issuer reserves the right, in agreement with the Joint Lead Managers, to close the Offer Period early before the total amount of Notes requested to be purchased exceeds the Maximum Issue Amount. The Joint Lead Managers will inform the public of the early closure of the Offer Period by means of a notice to be published on the following websites:
www.bancaimi.com and/or
www.investimenti.unicredit.it.

The Issuer reserves the right, in agreement with the Joint Lead Managers, to withdraw the offer of the Notes and cancel the issuance of the Notes at any time before the Issue Date in the event of 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. The Joint Lead Managers will inform the public of the withdrawal of the offer of the Notes and the cancellation of the issuance of the Notes by means of a notice to be published on the following websites:
www.bancaimi.com and/or
www.investimenti.unicredit.it.

For the avoidance of doubt, upon any revocation or withdrawal of the offer, all purchase applications will become void and of no effect without further notice and no potential investor will be entitled to receive the relevant Notes.

The Issuer reserves the right, in agreement with the Joint Lead Managers, to extend the Offer Period. The Joint Lead Managers will inform the public of the extension of the Offer Period by means of a notice to be published on the following websites
www.bancaimi.com and/or
www.investimenti.unicredit.it.

- (iv) Conditions to which the offer is subject: The offer of the Notes is conditional on their successful issuance and delivery in accordance with the Terms Agreement.
- (v) Description of the application process: A prospective investor 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 Joint Lead Managers) 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.

Authorised Offerors intending to distribute Notes through door-to-door selling (*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 promoters (*promotori finanziari/consulenti finanziari abilitati all'offerta fuori sede*) pursuant to Article 31 of the Italian Financial Services Act.

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 of the Offer Period.

In addition to what stated above, 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 and/or financial promoter of their withdrawal without payment of any charge or commission.

The Notes will be also distributed through long distance selling techniques (*tecniche di comunicazione a distanza*) pursuant to article 32 of the Italian Financial Services Act (*i.e.*, through the trading-online platform of the Authorised Offerors or recorded telephone orders). In this case, investors may purchase

the Notes via the internet or the telephone, 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 long distance selling 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.

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 Offer 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.

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

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.

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):

The Notes may be purchased in a minimum purchased amount of USD 2,000 (the “**Minimum Lot**”) or an integral number of Notes greater than the Minimum Lot.

Multiple applications may be submitted 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.

- There is no maximum purchase amount of the Notes to be applied for by each investor within the Maximum Issue Amount.
- (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 Joint Lead Managers on a delivery against payment basis on the Issue Date. Prospective investors 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 following websites www.bancaimi.com and/or www.investimenti.unicredit.it.
- (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: Each Authorised Offeror will notify applicants of amounts allotted immediately after the publication of the notice mentioned in paragraph (viii) above and, in any event, before the Issue Date.
- Purchase applications will be accepted until the Maximum Issue Amount is reached during the Offer Period. In the event that the requests exceed the Maximum Issue Amount during the Offer Period, the Issuer will, in agreement with the Joint Lead Managers, either, (i) proceed to increase the size of the offer or, (ii) terminate the Offer Period early.
- Upon the closure of the Offer Period, in the event that, notwithstanding the above, the total amount of Notes requested to be purchased exceed the Maximum Issue Amount, the Joint Lead Managers, in agreement with the Authorised Offerors, will allot the Notes in accordance with allotment criteria so to assure transparency of allotment criteria and equal treatment amongst all potential purchasers thereof.
- No dealings in the Notes may take place prior to the Issue Date.
- (xii) Amount of any expenses and taxes specifically charged to (A.) Distribution and structuring commissions: see above paragraph (ii).

- the Noteholders:
- (B.) Administrative and other costs relating to the holding of the Notes (service fees, custodians fees, brokerage fees, financial services etc.): prospective purchasers are invited to check those costs with their 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 websites: www.bancaimi.com and www.investimenti.unicredit.it on the date of these Final Terms.

LISTING APPLICATION

These Final Terms comprise the final terms required for the admission to the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's regulated market of the Notes described herein issued pursuant to the Global Debt Issuance Facility of International Bank for Reconstruction and Development.

RESPONSIBILITY

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

Signed on behalf of IBRD:

By:

Name:

Title: Duly authorised

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 Joint Lead Managers to provide you with such information as mentioned herein, this Annex is meant to answer some practical questions that you might have regarding the Notes in general terms only. It does not contain all the information which may be important to you. You should read the terms and conditions of the Notes included in the Prospectus and the Final Terms together with the more detailed information contained in the remainder of the Prospectus. You should carefully consider, amongst other things, the risks set out in the Prospectus and in the Final Terms. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the Notes. The information contained in this section is subject in its entirety to the terms and conditions of the Notes included in the Prospectus and the Final Terms

What are the Notes?

The Notes are debt securities issued by the International Bank for Reconstruction and Development (the "**Issuer**" or the "**IBRD**"). At maturity, the Notes entitle the Noteholder to receive from the Issuer the Final Redemption Amount of USD 2,000 per Calculation Amount plus the Interest Amount with respect to the Maturity Date. In addition, the Noteholder will receive during the term of the Notes Interest Amounts calculated for the first two years at a fixed rate and thereafter at a floating rate equal to USD LIBOR 3 months, subject to specified maximum rates of interest and a minimum rate of interest. All payments on the Notes are subject to the Issuer's credit risk (insolvency or payment default of the Issuer) and potential foreign exchange risk if the Noteholder converts the payout (coupons and nominal amount) it receives in USD into Euro or any other currency.

Where does my money go?

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

Will I receive income?

Yes, during the terms of the Notes, the Noteholder will receive Interest Amounts calculated for the first two years at a fixed rate and thereafter at a floating rate equal to USD LIBOR 3 months, subject to specified maximum rates of interest and a minimum rate of interest.

Can I redeem early?

No. There is no provision in the Notes for a Noteholder's early redemption right.

Can the Notes be redeemed early by the Issuer?

No. There is no provision in the Notes for the Issuer's early redemption right.

What are the fees?

The investors will purchase the Notes at an Offer Price of 100%. This price includes, per Specified Denomination of USD 2,000, commission for the distribution and promotion of the Notes paid by the Joint Lead Managers to the Authorised Offerors (i.e. the distributors) equal to 2.50% (including VAT, if any) of the USD 2,000 Specified Denomination of the Notes distributed by each Authorised Offeror.

In addition, the Joint Lead Managers will retain an implicit mandate commission and charge as compensation of certain operational charges.

How will the fees impact my investment?

The fees retained by the Authorised Offerors and by the Joint Lead Managers 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 13 and following) and the Final Terms (under term 26 "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 increased in value against such currency, the final return in such currency will be higher. Conversely, a decrease in value 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 suitable or (if required, in light of the investment services provided by the Authorised Offeror to the relevant investor) appropriate for such 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 required in light of the investment services provided by the Authorised Offeror to the relevant investor) suitable for him/her.

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

The Notes will be admitted to the Official List of the Luxembourg Stock Exchange and traded on the Luxembourg Stock Exchange's regulated market. However, 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.

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

The Schedule 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 note 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 Common Depository shall be responsible for the acts or omissions of the Clearing Systems. Furthermore, investors should be aware of the fact that the Clearing Systems may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest, principal and other amounts or delivery of notes. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the Notes.

SCHEDULE TO THE FINAL TERMS

TAXATION

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

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

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

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

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

ITALIAN TAXATION

Income Tax

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

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

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

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

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

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

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

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

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

If interest 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.