UNICREDIT S.p.A.

(incorporated with limited liability as a *Società per Azioni* in the Republic of Italy under registered number 00348170101)

Issue of US$1,250,000,000 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes

Issue price: 100.00%

The US$1,250,000,000 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes (the **Notes**) will be issued by UniCredit S.p.A. (the **Issuer** or **UniCredit**). The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, as described in Condition 4 (*Status of the Notes*) in "*Terms and Conditions of the Notes*".

The Notes will bear interest on their Prevailing Principal Amount (as defined in Condition 2 (*Interpretation*) in "*Terms and Conditions of the Notes*"), payable (subject to cancellation as described below) semi-annually in arrear on 3 June and 3 December in each year (each an **Interest Payment Date**), from (and including) 3 April 2014 (the **Issue Date**) to (but excluding) 3 June 2024 (the **First Call Date**) at the rate of 8.00% per annum. The first payment of interest (for the period from and including the Issue Date to but excluding 3 June 2014, and amounting to US$13.33 per US$1,000 in principal amount of the Notes) is expected to be made on 3 June 2014. The rate of interest will reset on the First Call Date and on each five-year anniversary thereafter (each a **Reset Date**). The Issuer may elect in its full discretion to cancel (in whole or in part) the Interest Amounts otherwise scheduled to be paid on any Interest Payment Date. Further, payment of Interest Amounts on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) in the circumstances described in Condition 5 (*Interest and Interest Cancellation*) in "*Terms and Conditions of the Notes*". The cancellation of any Interest Amounts shall not constitute a default for any purpose on the part of the Issuer. Interest on the Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of such amounts shall be fully and irrevocably forfeited, and no payments shall be made, nor shall any Noteholder be entitled to any payment or indemnity in respect thereof. See Condition 5 (*Interest and Interest Cancellation*) in "*Terms and Conditions of the Notes*." Further, during the period of any Write-Down pursuant to Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*) in "*Terms and Conditions of the Notes,*" as described below, interest will accrue on the Prevailing Principal Amount of the Notes which shall be lower than the Initial Principal Amount unless the Notes have subsequently been Written-Up in full.

The principal amount of each Note may be Written Down on a *pro rata* basis with the other Notes and taking into account the at least *pro rata* write-down or conversion into Ordinary Shares of any other Equal Loss Absorbing Instruments (and taking into account the write down or conversion of any Prior Loss Absorbing Instruments), as described in Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*) in "*Terms and Conditions of the Notes*", if the Common Equity Tier 1 Capital Ratio of the Issuer or the UniCredit Group falls below 5.125% or, in each case, the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group (all as defined in Condition 2 (*Interpretation*) in "*Terms and Conditions of the Notes*"). Noteholders may lose some or all of their investment in the Notes as a result of such a Write-Down. Following any such reduction, the Issuer may, in its full discretion and subject to the Maximum Distributable Amount (if any) not being exceeded thereby, increase the Prevailing Principal Amount of the Notes up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Notes and with other Written-Down Additional Tier 1 Instruments, if the Issuer records positive Net Income or, to the extent permitted by the then prevailing Relevant Regulations, positive Consolidated Net Income (all as defined in Condition 2 (*Interpretation*) in "*Terms and Conditions of the Notes*"), subject to certain further conditions. See Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*) in "*Terms and Conditions of the Notes.*"

Unless previously redeemed or purchased and cancelled as provided in "*Terms and Conditions of the Notes*", the Notes will mature on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set in its by-laws at 31 December 2100); or (c) any applicable legal provision or any decision of any judicial or administrative authority. Noteholders do not have the right to call for the redemption of the Notes. Upon maturity, the Notes will become due and payable at an amount equal to their Prevailing Principal Amount together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*). The Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*) in "*Terms and Conditions of the Notes*"), redeem the Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount (all as defined in Condition 2 (*Interpretation*) in "*Terms and Conditions of the Notes*"), plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*) in "*Terms & Condition of the Notes*". The Issuer may also, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*) in "*Terms and Conditions of the Notes*"), redeem the Notes in whole, but not in part, at any time at their Prevailing Principal Amount upon the occurrence of a Capital Event, a Tax Deductibility Event or an Additional Amount Event (all as defined in Condition 2 (*Interpretation*) in the "*Terms and Conditions of the Notes*") plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*) in "*Terms and Conditions of the Notes*."

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (the **Luxembourg Act**) on prospectuses for securities to approve this document as a prospectus. The CSSF

assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Act. Application has also been made to the Luxembourg Stock Exchange for the listing of the Notes on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. This Prospectus (together with any documents incorporated by reference herein) is available on the Luxembourg Stock Exchange website (www.bourse.lu).

Payments of interest or other amounts relating to the Notes may be subject to a substitute tax (referred to as *imposta sostitutiva*) of 20% in certain circumstances. In order to obtain exemption at source from *imposta sostitutiva* in respect of payments of interest or other amounts relating to the Notes each Noteholder not resident in the Republic of Italy is required to comply with the deposit requirements described in "*Taxation – Italian Taxation*" and to certify, prior to or concurrently with the delivery of the Notes, that such Noteholder is (i) resident in a country which recognises the Italian tax authorities' right to an exchange of information pursuant to terms and conditions set forth in the relevant treaty (such countries are listed in the Ministerial Decree of 4 September 1996, as amended, supplemented and replaced by a ministerial decree to be enacted according to provisions set forth by Article 168 bis of the Italian Income Tax Code), and (ii) the beneficial owner of payments of interest, premium or other amounts relating to the Notes, all as more fully set out in "*Taxation – Italian Taxation"* on page 85.

The Notes are expected to be rated "BB-" by Fitch Italia – Società Italiana per il Rating S.p.A. (**Fitch**). Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Please also refer to "*Credit ratings may not reflect all risks*" in the "*Risk Factors*" section of this Prospectus.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the **Temporary Global Note**, the **Global Notes**), without interest coupons, on or after 13 May 2014 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "*Summary of Provisions relating to the Notes while Represented by the Global Notes"*.

An investment in the Notes involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see "*Risk Factors*" below.

Joint Bookrunners and Joint Lead Managers

Citigroup **HSBC**

Société Générale Corporate & Investment Banking **UBS Investment Bank**

UniCredit Bank

The date of this Prospectus is 1 April 2014

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

No representation, warranty or undertaking, express or implied, is made by any of the Managers named under "*Subscription and Sale*" below or any of their respective affiliates and no responsibility or liability is accepted by any of the Managers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuer in connection with the Notes. No Managers or any of their respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

This Prospectus contains or incorporates by reference industry and customer-related data as well as calculations taken from industry reports, market research reports, publicly available information and commercial publications. It is hereby confirmed that (a) to the extent that information reproduced herein derives from a third party, such information has been accurately reproduced and (b) insofar as the Issuer is aware and is able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

Commercial publications generally state that the information they contain originates from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed, and that the calculations contained therein are based on a series of assumptions. External data have not been independently verified by the Issuer.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, or any of the Managers that any recipient of this Prospectus or of any other information supplied by the Issuer or such other information as is in the public domain in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase any Notes.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions (see "*Subscription and Sale*").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the *Securities Act*) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder). The Notes may be offered and sold outside the United States to non U.S. persons in reliance on Regulation S (*Regulation S*) under the

Securities Act. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

This Prospectus has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Manager has authorised, nor do they authorise, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer. As used herein, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer, the Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own financial circumstances and investment objectives, and only after careful consideration with their financial, legal, tax and other advisers. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their

overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each prospective investor should consult its own advisers as to legal, tax and related aspects in connection with any investment in the Notes. An investor's effective yield on the Notes may be diminished by certain charges such as taxes, duties, custodian fees on that investor on its investment in the Notes or the way in which such investment is held.

This Prospectus, including the documents incorporated by reference herein, contains forward-looking statements. Such items in this Prospectus include, but are not limited to, statements made under "*Risk Factors.*" Such statements can be generally identified by the use of terms such as "anticipates," "believes," "could," "expects," "may," "plans," "should," "will" and "would," or by comparable terms and the negatives of such terms. In addition, this Prospectus includes targets relating to future regulatory capital ratios in the section "*Regulatory Capital Ratios*". By their nature, forward looking statements and projections involve risk and uncertainty, and the factors described in the context of such forward looking statements and targets in this Prospectus could cause actual results and developments to differ materially from those expressed in or implied by such forward looking statements. The Issuer has based forward-looking statements on its expectations and projections about future events as of the date such statements were made. These forward-looking statements are subject to risks, uncertainties and assumptions about UniCredit S.p.A. and the UniCredit Group, including, among other things, the risks set out under "*Risk Factors*".

All references in this Prospectus to **EUR**, **€** or **euro** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union of those members of the European Union which are participating in the European economic and monetary union. References to **US$**, **U.S. dollars** and **dollars** are to the lawful currency of the United States of America; reference to **cents** are to United States cents.

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, SOCIÉTÉ GÉNÉRALE (IN ITS CAPACITY AS JOINT LEAD MANAGER) AS STABILISING MANAGER (THE *STABILISING MANAGER*) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated. References to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Notes.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Risks concerning liquidity which could affect the UniCredit Group's ability to meet its financial obligations as they fall due

UniCredit and its consolidated subsidiaries (the **UniCredit Group**) are subject to liquidity risk, which can be split between funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the bank will be unable to meet its obligations, including funding commitments and deposit withdrawals, as they fall due. In this context, the procurement of liquidity for business activities and the ability to access long-term financing are necessary to enable the UniCredit Group to meet its payment obligations in cash, scheduled or unscheduled, and avoid prejudice to its current activities and financial situation.

The global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity provided by private placements which led to a significant intervention of government guaranteed bonds that have been pledged with the European Central Bank to access open market operations.

The perception of banking industry riskiness remained high even though reduced interbank lending implies a lower funding liquidity risk. It should be noted that market speculative behaviour, in particular towards peripheral countries, has been successfully dealt with by government intervention. Should this government support vanish, the UniCredit Group would be forced to rely on higher recourse to the wholesale market, which seems to be feasible in case of a normalisation of the macroeconomic conditions. Also retail customers are expected to benefit from a more stable liquidity context. Indeed retail customers are interwoven with the banking system, since they invest in network bonds as well as place the deposits and other funding sources which grew significantly in the last period.

In this context, the UniCredit Group has announced, as part of its Strategic Plan (as defined below), its intention to decrease the proportion of wholesale funding in favour of retail funding. However, reduced customer confidence could result in the UniCredit Group's inability to access retail funding and to increased deposit outflows, which in turn could further limit the UniCredit Group's ability to fund its operations and meet its minimum liquidity requirements. This strategy is in line with the expected

requirements of the Basel Committee which favours banks to leverage on more stable funding sources such as core-retail.

UniCredit also borrows from the European Central Bank (the **ECB**). Thus, any adverse change to the ECB's lending policy, including changes to collateral requirements (particularly those with retroactive effect), or any changes to the funding requirements set by the ECB, could significantly affect the UniCredit Group's results of operations, business and financial condition.

In terms of market liquidity, the effects of the immediate liquidity of the assets held as cash reserves should be considered. Sudden changes in market conditions (interest rates and creditworthiness in particular) can impact significantly on the time to sell even for high quality assets such as government bonds. "Size effects" play an important role for the UniCredit Group as it is likely that a liquidation of significant amounts of assets, even if high quality ones, would affect the overall market conditions. Additionally possible ratings downgrades and the resulting effects on the securities value as well as the consequent difficulty in ensuring immediate liquidity in unfavourable economic conditions could also affect the UniCredit Group's ability to meet its financial obligations as they fall due.

Finally, it must be noted that the UniCredit Group, in the management of short-term liquidity, adopted metrics that preserve its stability over a period of three months, while maintaining adequate liquidity reserves in terms of eligible and marketable securities. As defined in the Strategic Plan, the UniCredit Group expects to achieve the objectives of compliance with the liquidity indicators that are going to be defined by Basel III regulations (i.e. Liquidity Coverage Ratio and Net Stable Funding Ratio) by 2015. The observation period related to the application of the rules was delayed by one year, from 2013 to 2014, subject to the entry into force of the first part of the legislation in 2015, with a gradual phase-in which will be completed in 2019 (when the Liquidity Coverage Ratio requirement will be 100%).

The UniCredit Group's results of operations, business and financial condition have been and will continue to be affected by adverse macroeconomic and market conditions

The UniCredit Group's performance is influenced by the financial markets conditions and the macroeconomic situations of the countries in which it operates. In recent years, the global financial system has been subject to considerable turmoil and uncertainty and, as at the date of this Prospectus, the short and medium term outlook for the global economy remains uncertain.

The repricing of sovereign risk following the recent crisis has contributed to keep volatility and uncertainty high, weighing negatively on the global financial system.

High uncertainty and risk aversion have led to significant distortions in global financial markets, including critically low levels of liquidity and availability of financing (resulting in high funding costs), historically high credit spreads, volatile capital markets and declining asset prices. In addition, the international banking system has been imperilled with unprecedented issues, which have led to sharp reductions in and, in some cases, the suspension of, interbank lending.

The businesses of many leading commercial banks, investment banks and insurance companies have been subject to significant pressure. Some of these institutions have failed or have become insolvent, have been integrated with other financial institutions, or have required capital injections from governmental authorities and supranational organisations. Additional adverse effects of the global financial crisis include the deterioration of loan portfolios, decreasing consumer confidence towards financial institutions, high levels of unemployment and a general decline in the demand for financial services.

Furthermore, the uncertain economic outlook in the countries in which the UniCredit Group operates has had, and could continue to have, adverse effects on its operations, financing costs, share price and

the value of its assets and has led to, and could continue to lead to, additional costs relating to devaluations and decreases in asset value.

All of the above could be further impacted by policy measures affecting the currencies of countries where the UniCredit Group operates as well as by political instability in such countries and/or the inability of the governments thereof to take prompt action to confront the financial crisis.

The European sovereign debt crisis has adversely affected, and may continue to adversely affect the UniCredit Group's results of operations, business and financial condition

The sovereign debt crisis has raised concerns about the long-term sustainability of the European Monetary Union. In the last years, Greece, Ireland and Portugal have requested financial aid from European authorities and from the International Monetary Fund (the **IMF**) and are currently pursuing an ambitious programme of reforms. Cyprus has also requested financial help. In March 2012, Greece has restructured its debt after inserting retroactively the so-called "Collective Action Clauses". The decision represented a credit event and has triggered credit default swaps (**CDS**). While the risk of a sharp upward repricing in sovereign credit spreads has significantly diminished after the ECB launched the "Outright Monetary Transactions" (**OMT**), it has not completely faded.

Persistent market tensions might affect negatively the funding costs and economic outlook of some euro member countries. This, together with the risk that some countries (even if not very significant in terms of gross domestic product (**GDP**)) might leave the euro area, would have a material and negative impact on the UniCredit Group and/or on the UniCredit Group's clients, with negative implications for the UniCredit Group's business, results and financial position.

Lingering market tensions might affect negatively the global economy and hamper the recovery of the euro area. Moreover, the tightening fiscal policy by some countries might weigh on households disposable income and on corporate profits with negative implications for the UniCredit Group's business, results and financial position. This trend will likely continue in the coming quarters.

Any deterioration of the Italian economy would have a material adverse effect on the UniCredit Group's business, in light of the UniCredit Group's significant exposure to the Italian economy. In addition, if any of the countries in which the UniCredit Group operates witnessed a significant deterioration in economic activity, the UniCredit Group's results of operations, business and financial condition would be materially and adversely affected.

The ECB's unconventional monetary policy (including a security market programme, the provision of liquidity via "Longer Term Refinancing Operations" (**LTRO**) with full allotment and the OMT) has contributed to ease tensions, limiting the refinancing risk for the banking system and leading to a tightening of credit spreads. The possibility that the ECB could halt or reconsider the current set up of unconventional measures would impact negatively the value of sovereign debt instruments. This would have a materially negative impact on the UniCredit Group's business, results and financial position.

Despite the several initiatives of supranational organisations to deal with the heightened sovereign debt crisis in the euro area, global markets remain characterised by high volatility. Any further acceleration of the European sovereign debt crisis could likely significantly affect, among other things, the recoverability and quality of the sovereign debt securities held by the UniCredit Group as well as the financial resources of the UniCredit Group's clients holding similar securities. The occurrence of any of the above events could have a material adverse effect on the UniCredit Group's business, results and financial condition.

More recently, geopolitical tensions related to the developments in Crimea have resurfaced. These tensions have already created volatility in the CEE region and are expected to weigh negatively on

economic developments in the region. An escalation of these tensions would likely boost demand for safe assets, creating volatility in the level of credit risk premia in Europe, especially in the periphery.

The UniCredit Group has exposure to European sovereign debt

With reference to the UniCredit Group's sovereign exposures[1], the book value of sovereign debt securities as at 30 September 2013 amounted to €102,121 million, of which about 90% was concentrated in eight countries of which: Italy, with €45,814 million, represents about 45% of the total; Germany €23,291 million (23%); Poland €8,099 million (8%); Austria €6,172 million (6%); Turkey[2] €2,733 million (3%); Czech Republic €2,651 million (3%); Hungary €1,861 million (2%) and Romania €1,092 (1%). The remaining 10% of the total of sovereign debt securities, amounting to €10,408 million with reference to the book values as at 30 September 2013, is divided into 64 countries, among which Spain (€403 million), Slovenia (€194 million), the United States (€97 million), Ireland (€52 million) and Portugal (€30 million). The sovereign debt securities exposures towards Cyprus and Greece are immaterial. These exposures were not subject to impairment as at 30 September 2013.

In addition to the exposures to sovereign debt securities, loans[3] given to central and local governments and governmental bodies must be taken into account. The total amount as at 30 September 2013 of loans given to countries towards which the overall exposure exceeds €150 million amounted to €25,757 million, representing more than 96% of the total: Germany €8,032 million (of which €873 million represented by financial assets held-for-trading or at fair value through P&L); Italy €6,565; Austria €5,387 million (of which €222 million represented by financial assets held-for-trading or at fair value through P&L); Croatia €2,609 million; Poland €1,553 million, and others.

The book value of sovereign debt securities as at 30 June 2013 amounted to €106,052 million, of which about 90% was concentrated in eight countries of which: Italy, with €49,272 million, represents over 46% of the total; Germany €23,258 million (22%); Poland €8,351 million (8%); Austria €6,184 million (6%); Turkey[4] €2,962 million (3%); Czech Republic €2,374 million (2%); Hungary €1,759 million (2%) and Romania €1,116 (1%). The remaining 10% of the total of sovereign debt securities, amounting to €10,777 million with reference to the book values as at 30 June 2013 is divided into 45 countries, among which Spain (€379 million), Slovenia (€191 million), the United States (€142 million), Ireland (€52 million), and Portugal (€30 million). As at 30 June 2013, the sovereign debt securities exposure to Greece is immaterial; with respect to these exposure, as at 30 June 2013, there were no indications that impairment may have occurred.

In addition to the exposures to sovereign debt securities, loans[5] given to central and local governments and governmental bodies must be taken into account. The total amount as at 30 June 2013 of loans given to countries towards which the overall exposure exceeds €150 million amounted to €27,155 million, representing more than 96% of the total: Germany €8,330 million (of which €976 million represented by financial assets held-for-trading or at fair value through P&L); Italy €7,502 million; Austria €5,725 million (of which €227 million represented by financial assets held-for-trading or at fair value through P&L); Croatia €2,665 million; Poland €1,505 million, and others.

Lastly, it should be noted that derivatives are traded within the ISDA master agreement and accompanied by Credit Support Annexes, which provide for the use of cash collaterals or low-risk eligible securities.

Financial regulators have requested that UniCredit Group companies reduce their credit exposure to other UniCredit Group entities, particularly their upstream exposure to UniCredit,

1 Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. Asset backed securities are not included.
2 Amounts recognised using proportionate consolidation with reference to the ownership percentage for exposures held by joint ventures.
3 Excluding tax items.
4 Amounts recognised using proportionate consolidation with reference to the ownership percentage for exposures held by joint ventures.
5 Excluding tax items.

which could have a material adverse effect on the way in which the UniCredit Group funds its operations and provides liquidity to members of the UniCredit Group

In common with other multi-jurisdictional banking groups, the UniCredit Group companies have historically provided funding to other members of the UniCredit Group, resulting in the transfer of excess cash liquidity from one member of the UniCredit Group to another. In the past, one of the largest such outstanding exposures was from UniCredit Bank AG (**UCB AG**) to UniCredit, although UCB AG also has exposures to other UniCredit Group members. In addition, as the UniCredit Group's investment banking activities are centralised within UCB AG, significant non-cash intra-group credit exposures exist on a day-to-day basis between UCB AG and other Group members resulting from, among other things, UCB AG acting as an intermediary between such Group members, on the one hand, and external counterparties, on the other hand, in connection with various financial risk hedging transactions. Due to the nature of this business, the intra-group credit exposure of UCB AG is volatile and can change significantly on a daily basis.

As a result of the on-going global financial crisis, banking regulators in many of the jurisdictions in which the UniCredit Group operates have sought, and continue to seek, to reduce the exposure of banks operating within their jurisdictions to other affiliated banks operating in jurisdictions over which they have no legal and/or regulatory control. This could have a material adverse effect on the way in which the UniCredit Group funds its operations and provides liquidity to members of the UniCredit Group. Accordingly, the UniCredit Group begun an active improvement of regional self-sufficiency aimed mainly at improving the funding gap.

Furthermore, under applicable German regulations, credit institutions may be exempted from including intra-group exposures in their overall limit for large exposures if certain conditions are met. UCB AG relies on this exemption with respect to the intra-group exposures described above. If such exemption is no longer available due to changes in applicable regulations or otherwise, UCB AG could have to either reduce or balance its risk-weighted assets by allocating additional qualifying regulatory capital to remain in compliance with its statutory minimum solvency ratio, as well as the higher ratio it has agreed with the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the German Federal Financial Supervisory Authority, **BaFin**) to maintain.

In Germany, as a result of the level of UCB AG's intra-group cash and non-cash exposures and consequent discussions between UniCredit, UCB AG and BaFin, UniCredit and UCB AG have undertaken to reduce UCB AG's net intra-group exposure to the UniCredit Group, including through the use of collateral, based on on-going discussions with BaFin and the Bank of Italy.

The exposure of UCB AG towards UniCredit Group is expected to reduce further as a consequence of the maturing intercompany financing deals that will not be renewed fully. The adoption of a self-sufficiency principle by Group sub-holdings led to the adoption of strict policy in terms of funding gap control and reduction, not only in Italy but in all subsidiaries.

Systemic risk could adversely affect the UniCredit Group's business

In light of the relatively reduced liquidity and relatively high funding costs that have prevailed in the interbank lending market since the onset of the global financial crisis, the UniCredit Group is exposed to the risk that the financial viability (actual or perceived) of the financial institutions with whom, and the countries in which, it carries out its activities could deteriorate. The UniCredit Group routinely executes a high volume of transactions with numerous counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Financial services institutions that transact with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships; concerns about the stability of anyone or more of these institutions or the countries in which they operate could lead to significant constraints on the availability of liquidity (including completely frozen interbank funding markets), losses or other

institutional failures. In addition, should one of the counterparties of a certain financial institution suffer losses due to the actual or perceived threat of default of a sovereign country, that counterparty may be unable to satisfy its obligations to the above financial institution. The above risks, commonly referred to as "systemic" risks, could adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with whom the UniCredit Group interacts on a daily basis, which in turn could adversely affect the UniCredit Group's ability to raise new funding. The occurrence of any "systemic" risks could adversely affect the UniCredit Group's results of operations, business and financial condition.

In addition, in many of the countries in which the UniCredit Group operates, it is required to participate in deposit guarantee and investor protection schemes. As a result, the insolvency of one or more of the participants in these schemes could result in UniCredit, or one of its banking subsidiaries', obligation to settle guaranteed customer claims against such insolvent participant(s) or to pay increased or additional contributions, which could materially adversely affect the UniCredit Group's results of operations, business and financial condition.

Risks connected to an economic slowdown and volatility of the financial markets – credit risk

The UniCredit Group is exposed to potential losses linked to credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. Credit risk typically resides in the assets of the banking book (loans and bonds held to maturity). The risk for banks in issuing loans is that the borrowers will not repay the amount that is owed in the time and in accordance with the terms specified by the loan agreement. If a substantial number of customers were to default on their loans, this could have an adverse effect on the UniCredit Group.

The loss could be complete or partial and could arise in a number of circumstances, e.g.: failure to make a payment due by a consumer or a business on a mortgage loan, credit card, line of credit or other loan; with reference to the UniCredit Group's sovereign exposure, a loss could occur when a government becomes unwilling or unable to meet its loan obligations.

Any deterioration of a borrower's creditworthiness and financial standing, or of the performance of loans and other receivables, as well as any wrong assessment of creditworthiness or country risks may have an adverse effect on the UniCredit Group's business, financial condition and results of operations, since these assets must be written off (in whole or in part).

Credit risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee.

Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults.

The banking and financial markets in which the UniCredit Group operates have been hit by an unprecedented economic crisis, since 2007, which has seriously affected the economic growth, the fiscal and monetary policies, the market liquidity, the capital market's expectations and subsequently the consumers' behaviour in terms of investments and savings. The demand for financial products in traditional lending operations decreased and could further lessen if the economic downturn continues in the next months. This situation has impacted negatively the solvency of mortgage debtors and, in general, all Group's borrowers and their overall financial condition. As a consequence of that situation, the level of insolvent clients compared to outstanding loans and obligations has increased, impacting on the levels of credit risk.

As part of their respective businesses, entities of the UniCredit Group operate in countries (emerging markets) with a generally higher country risk profile than in their respective home markets, often directly holding assets located in these countries. However, the financial crisis and economic recession, and policymakers' responses to these events, have raised sovereign risk concerns also in a number of advanced economies. This has increased the cost and reduced the stability of funding for banks. It has also meant that decisions about maturity of government debt have become important to the dynamics of systemic financial distress.

The UniCredit Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration of market conditions in any of the markets in which the UniCredit Group companies operate. As a result, volumes, revenues and net profits in banking and financial services business could be significantly volatile over time.

The UniCredit Group monitors credit quality, manages specific risk of each counterparty and assesses the overall risk of the respective loan portfolios, and it will continue to do so. However, the market volatility and the prolonged economic slowdown can negatively affect the UniCredit Group risk management ability to keep the UniCredit Group's exposure to credit risk at acceptable levels.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may have an adverse impact on the UniCredit Group's investment banking, securities trading and brokerage activities, the UniCredit Group's asset management and private banking services, as well as the UniCredit Group's investments and sales of products linked to financial assets performance.

Deteriorating asset valuations resulting from poor market conditions may adversely affect the UniCredit Group's future earnings

The global economic slowdown and economic crisis in certain countries of the Euro-zone have exerted, and may exert, downward pressure on asset prices, which has an impact on the credit quality of the UniCredit Group's customers and counterparties. This may cause the UniCredit Group to incur losses or to experience reductions in business activity, increases in non-performing loans, decreased asset values, additional write-downs and impairment charges, resulting in significant changes in the fair values of the UniCredit Group's exposures.

A substantial portion of the UniCredit Group's loans to corporate and individual borrowers are secured by collateral such as real estate, securities, ships, term deposits and receivables. In particular, as mortgage loans are one of the UniCredit Group's principal assets, it is highly exposed to developments in real estate markets.

A general deterioration in economic conditions in the countries in which the UniCredit Group operates, in any industry in which its borrowers operate or in other markets in which the collateral is located, may result in decreases in the value of collateral securing the loans to levels below the outstanding principal balance on such loans. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may require the UniCredit Group to reclassify the relevant loans, establish additional provisions for loan losses and increase reserve requirements. In addition, a failure to recover the expected value of collateral in the case of foreclosure may expose the UniCredit Group to losses which could have a material adverse effect on its business, financial condition and results of operations. Moreover, an increase in financial market volatility or adverse changes in the liquidity of its assets could impair the UniCredit Group's ability to value certain of its assets and exposures or result in significant changes in the fair values of these assets and exposures, which may be materially different from the current or estimated fair value. Any of these factors could require the UniCredit Group to recognise write-downs or realise impairment charges, any of which may adversely affect its financial condition and results of operations.

The economic conditions of the geographic markets in which the UniCredit Group operates have had, and may continue to have, adverse effects on the UniCredit Group's results of operations, business and financial condition

While the UniCredit Group operates in many countries, Italy is the primary country in which it operates. Thus, the UniCredit Group's business is particularly linked to the macroeconomic situation existing in Italy and could be materially adversely affected by any changes thereto. Recently, economic forecasts have suggested considerable uncertainty over the future growth of the Italian economy.

In addition to other factors that may arise in the future, declining or stagnating Italian GDP, rising unemployment and unfavourable conditions in the financial and capital markets in Italy could result in declining consumer confidence and investment in the Italian financial system, increases in the number of impaired loans and/or loan defaults, leading to an overall reduction in demand for the products and services offered by the UniCredit Group.

Thus, a persistence of adverse economic conditions, political and economic uncertainty and/or a slower economic recovery in Italy compared with other Organisation for Economic Co-operation and Development countries could materially adversely affect the UniCredit Group's results of operations, business and financial condition.

The UniCredit Group also has significant operations in several Central and Eastern European countries (**CEE countries**), including Poland, Turkey, Russia, Croatia, Czech Republic, Bulgaria and Hungary. Within the CEE countries, the risks and uncertainties to which the UniCredit Group is exposed differ in nature and intensity, and a CEE country's membership in the European Union, or lack thereof, is only one of the key distinguishing factors that must be considered in assessing such risks and uncertainties. In addition, CEE countries, as a whole have historically been characterised by highly volatile capital markets and exchange rates, a certain degree of political, economic and financial instability, as the most recent set back between Ukraine and Russia also shows. In some cases, CEE countries are characterised by less developed political, financial and judicial systems.

Although the global financial crisis has exacerbated certain of these risks and uncertainties in those CEE countries in which the UniCredit Group operates, economic recovery in the region has been consolidating over recent years, albeit at varying levels of significance. The timing of full economic recovery in some of the CEE countries remains however uncertain and subject to, among others, developments in Western European economies and the global economy as a whole.

In recent years, with the aim of managing the effects of the global financial crisis, the UniCredit Group recapitalised certain of its subsidiaries in several CEE countries. These increases of capital have been made in order to align the financial situation of the UniCredit Group to the regulatory requirements as well as to the market expectations.

Nevertheless, given the more restrictive regulations than those prevailing at the international level, the UniCredit Group may need to continue strengthening the equity of and/or transfer an increasing amount of funds to its subsidiaries located in CEE countries, also considering the risk of being exposed to, among other things, regulatory or legal initiatives of local authorities in those countries. In addition, similar to the risks present in all countries in which the UniCredit Group operates, local authorities in CEE countries could also adopt measures and/or initiatives such as: (a) requiring the waiver or reduction of loan repayment obligations, resulting in a level of risk provisions more significant than would normally apply under Group policies; (b) demanding additional capital; (c) increasing levies on banking activities. The UniCredit Group may also be required to ensure that its subsidiaries located in CEE countries have greater levels of liquidity, in a context where access to liquidity worldwide may be increasingly difficult to obtain. An increase in loan impairments could be necessary in connection with levels of credit risk estimated by the UniCredit Group. Furthermore, unfavourable developments in the growth rates of CEE countries compared to historical levels, together with the uncertainties surrounding

Western European economies, could adversely affect the UniCredit Group's achievement of its strategic goals.

Non-traditional banking activities expose the UniCredit Group to additional credit risks

In addition to traditional banking activities such as lending and deposit-taking, the UniCredit Group carries out non-traditional banking activities, which may expose the UniCredit Group to additional credit and/or counterparty risk. Such additional risk may originate, for example, from: executing securities, futures, interest rate, currency or commodity trades that fail to settle in a timely manner due to non-delivery by the counterparty or alternatively due to system failures by clearing agents, exchanges, clearing houses or other financial intermediaries (including the UniCredit Group); owning securities of third parties; and extending credit through other arrangements.

Parties to these transactions, such as trading counterparties or counterparties issuing securities held by entities of the UniCredit Group, may default on their obligations due to insolvency, political and economic events, lack of liquidity, operational failure or other reasons. Defaults by counterparties with respect to a significant number of transactions or one or more transactions that involve significant volumes would have a material adverse effect on the UniCredit Group's results of operations, business and financial condition.

The UniCredit Group has made a series of significant investments in other companies, including those resulting from the conversion of debt into equity in the context of restructuring processes. Any losses or risks, operational or financial, to which the invested companies may be exposed may restrict the UniCredit Group's ability to dispose of the above mentioned investments, and may cause considerable reductions in their value, with possible adverse effects to the UniCredit Group's results of operations, business and financial condition.

In addition, the UniCredit Group, as a result of executing guarantees and/or signing agreements to restructure debt, holds, and could acquire in the future, control or minority stakes in companies operating in industries other than those in which the UniCredit Group currently operates, including, for example, real estate, oil, transport and consumer goods. These industries require specific skills in terms of knowledge and management that are not among those skills currently held by the UniCredit Group. Nevertheless, in the course of any disposals, the UniCredit Group may have to deal with such companies. This exposes the UniCredit Group to the risks inherent in the activities of an individual company or subsidiary and to the risks arising from the inefficient management of such shareholdings, which could have adverse effects on the UniCredit Group's results of operations, business and financial condition.

Unidentified or unanticipated risks, by their nature, might not be captured in the current UniCredit Group risk management policies

Banks belonging to the UniCredit Group are subject to the risks inherent to banking and financial activities. The UniCredit Group has structures, processes and human resources aimed at developing risk management policies, procedures and assessment methods for its activities in line with best market practices in the industry.

The UniCredit Group's Risk Management Division provides strategic direction and defines the risk management policies implemented, locally, by the UniCredit Group's risk management entities. Some of the methods used to monitor and manage these risks involve observations of historic market conditions and the use of statistical models for identifying, monitoring, controlling and managing risk.

However, these methods and strategies may be inadequate for the monitoring and management of certain risks, such as the risks attached to some complex financial products that are traded on

unregulated markets (e.g., OTC derivatives), and, as a result, the UniCredit Group could suffer greater losses than those contemplated by the methods or suffer losses not previously considered.

In addition, the occurrence of unforeseeable events or of events outside of the historical observation window, which have not been considered by the Risk Management Division and which may affect the performance of the markets in which the UniCredit Group operates, could adversely affect the UniCredit Group's results of operations, business and financial condition. These risks, and their effects, may be further aggravated by the complexities of integrating risk management policies into the UniCredit Group's acquired entities.

At the date of this Prospectus, some of the relevant supervisory authorities are carrying out procedures to validate internal risk measurements that will be used for internal and regulatory purposes by UniCredit and other companies belonging to the UniCredit Group. These procedures apply to models awaiting initial implementation as well as models already adopted, but for which the UniCredit Group must demonstrate its maintenance of regulatory requirements.

In order to ensure the integrity and accuracy of the above measurement and risk management models, the UniCredit Group employs a governance policy that is consistent with current applicable regulations in each of the markets in which it operates (for example, Bank of Italy, Circular No. 263 of 27 December 2006, as amended) as well as with international best practices.

Despite the maintenance and upgrading of these models, it is possible that, after investigation or verification by the supervisory authorities, the UniCredit Group's internal models might no longer be adequate with respect to risks undertaken, which could adversely affect the UniCredit Group, particularly with respect to its capital requirements.

Some regulators have conducted audits and/or reviews of risk management and internal control systems, and highlighted concerns (which were also the subject of additional internal and external audits) about the extent to which such systems are fully compliant with applicable legal and regulatory requirements. Progress on actions undertaken have been, and will continue to be, regularly reported to the relevant regulators.

Nevertheless, even if UniCredit plans system improvements and robust monitoring process are acknowledged by the relevant regulators, there can be no assurance that the actions taken, and planned to be taken, by UniCredit will be fully satisfactory to the relevant regulators that have oversight of these matters. While UniCredit will address all the material concerns raised, there is a risk that the relevant regulators could take additional measures against UniCredit and its management, including issuing fines, imposing limitations on the conduct, outsourcing or the expansion of certain business activities.

Fluctuations in interest and exchange rates may affect the UniCredit Group's results

Fluctuations in interest rates in Europe and in the other markets in which the UniCredit Group operates may influence the UniCredit Group's performance. The results of the UniCredit Group's banking operations are affected, inter alia, by the UniCredit Group's management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the UniCredit Group's financial condition and results of operations.

The interest rate risk position estimates include assumptions for assets and liabilities that do not have a well-defined maturity. Examples are listed below:

- sight and savings accounts: maturity assumptions are in place as these amounts are to some extent assumed to be irresponsive to movements in the interest rates. For these maturity

assumptions several considerations are taken into account including: the volatility of sight item volume, as well as the observed and perceived correlation between market and client rates. Both statistical as well as qualitative evidence is taken into account in order to evaluate which hedge maturity profile would best eliminate the potential interest rate risk arising from the sight items. The maturity mapping aims to obtain a replicating profile that would minimise the margin volatility.

- residential real estate mortgages: the model estimates the future volumes of redemptions on an ongoing basis, in order to limit the risk that the bank is not appropriately hedged for the interest rate risk resulting from the outstanding fixed interest rate mortgages. The assumptions on early loan repayments are based on historical data as well as a qualitative assessment.

The relevance and the approach to capture this event varies per region.

Rising interest rates along the yield curve can increase the cost of the UniCredit Group's borrowed funds faster and at a higher rate than the yield on its assets, due to, for example, a mismatch in the maturities of its assets and liabilities that are sensitive to interest rate changes or a mismatch in the degree of interest rate sensitivity of assets and liabilities with similar maturities. At the same time, decreasing interest rates can also reduce the yield on the UniCredit Group's assets at a rate which may not correspond to the decrease in the cost of funding.

Furthermore, a significant portion of the UniCredit Group's operations, mainly capital investments, are conducted in currencies other than the euro, principally the Polish Zloty, the Turkish Lira, the U.S. dollar, the Swiss Franc and the Japanese Yen. Unfavourable movements in foreign exchange rates could, therefore, influence the UniCredit Group's results of operations, business, financial condition and prospects. As a result, the UniCredit Group is exposed to foreign currency exchange rates and foreign currency transaction risks.

The UniCredit Group's consolidated financial statements (including its interim financial statements) are prepared in euro and carry out the necessary currency translations in accordance with applicable international accounting standards.

The UniCredit Group employs a hedging policy with respect to the profits and dividends of its subsidiaries operating outside the Euro area. The UniCredit Group takes prevailing market conditions into account in implementing its hedging policy. Any negative change in exchange rates and/or a hedging policy that is ineffective at covering risk could significantly adversely affect the UniCredit Group's results of operations, business and financial condition.

Changes in the Italian and European regulatory framework could adversely affect the UniCredit Group's business

The UniCredit Group is subject to extensive regulation and supervision by several bodies in all jurisdictions in which it operates, including the Bank of Italy (which is also responsible for supervision at a consolidated level), BaFin, PFSA, and the FMA. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (**BCBS**) and aim at preserving their stability and solidity and limiting their risk exposure. The UniCredit Group is also subject to regulations applicable to financial services that govern, among other things, the sale, placement and marketing of financial instruments as well as to those applicable to its bank-assurance activities. In particular, the UniCredit Group is subject to the supervision of CONSOB and the Institute for the Supervision of Private Insurance. The Issuer is also subject to the rules applicable to it as an issuer of shares listed on the Milan, Frankfurt and Warsaw Stock Exchanges.

In accordance with the regulatory frameworks defined by the supervisory authorities mentioned above and consistent with the regulatory framework being implemented at the European Union, the UniCredit Group has in place specific procedures and internal policies to monitor, among other things, liquidity levels and capital adequacy, the prevention and contrast of money laundering, privacy protection, transparency and fairness in customer relations and registration and reporting obligations. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the UniCredit Group's results of operations, business and financial condition. In addition, as at the date of this Prospectus, certain laws and regulations have only been recently approved and the relevant implementation procedures are still in the process of being developed.

The various regulatory requests may affect the activities of the UniCredit Group, including its ability to grant loans, or result in the need for further capital injections in order to meet capital requirements as well as require other sources of funding to satisfy liquidity requirements, which could result in adverse effects to the UniCredit Group's results of operations, business, assets, cash flows and financial condition, the products and services offered by the UniCredit Group as well as the UniCredit Group's ability to pay dividends.

In carrying out its activities, the UniCredit Group is subject to numerous regulations of general application such as those concerning taxation, social security, pensions, occupational safety and privacy. Any changes to these laws and regulations and/or changes in their interpretation and/or their application by the supervisory authorities could adversely affect the UniCredit Group's results of operations, business and financial condition.

Basel III and CRD IV

In the wake of the global financial crisis that began in 2008, the BCBS approved, in the fourth quarter of 2010, revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019. Minimum common equity tier 1 (**CET1**) will be increased from broadly 2% of risk-weighted assets to 7.0%. The 7.0% includes a "capital conservation buffer" of 2.5% to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. An additional "countercyclical buffer requirement" of 0-2.5% will be implemented according to national circumstances. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction.

In January 2013 the BCBS revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the Liquidity Coverage Ratio (i.e. annual increases of 10%, starting with 60% in 2015 and ending with 100% in 2019), and BCBS expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities.

In addition, as discussed further below under "-*ECB Single Supervisory Mechanism*", if it is still on the list of G-SIBs (as defined below) at November 2014, UniCredit will also be subject to an additional loss absorbency requirement of between 1% and 3.5%, determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global activity and complexity). The G-SIBs capital buffer will be phased-in in parallel with the capital conservation and countercyclical buffers, i.e. between 1 January 2016 and year end 2018, becoming fully effective on 1 January 2019.

The Basel III framework has been implemented in the EU through new banking regulations adopted on 26 June 2013: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on

access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the **CRD IV Regulation** and together with the CRD IV Directive, **CRD IV**). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws be delayed until after such date.

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular No. 285, 17 December 2013, **Circular No. 285**), which came into force on 1 January 2014, implementing CRD IV and setting out additional local prudential rules concerning matters not harmonised at an EU level. As of 1 January 2014, Italian banks are required to comply with a minimum CET1 capital ratio of 4.5%, Tier I Capital ratio of 6% and Total Capital Ratio of 8%. These minimum ratios are complemented by the following capital buffers, to be met with CET1 capital:

- *Capital conservation buffer*: is set at 2.5.% of risk weighted assets and applies to UniCredit from 1 January 2014 (pursuant to Title II, Chapter I, Section II of Circular No. 285);

- *Counter-cyclical capital buffer*: is set by the relevant competent authority between 0% - 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in the member state justify this), with gradual introduction from 1 January 2016, and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of the CRD IV Directive);

- *Capital buffers for globally systemically important banks*: as mentioned above, the "additional loss absorbency" buffer, ranging from 1.0% to 3.5%; to be phased in from 1 January 2016 (Article 131 of CRD IV Directive); and

- *Capital buffers for systemically important banks at a domestic level*: up to 2.0% as set by the relevant competent authority and must be reviewed at least annually, from 1 January 2016, to compensate for the higher risk that such banks represent to the financial system (Article 131 of the CRD IV Directive).

In addition to the above listed capital buffers, under Article 133 of CRD IV Directive the relevant competent authority has the option to introduce a systemic risk buffer which must be at least 1% of CET1 capital.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV Directive). At this stage no provision is included on the systemic risk buffer under Article 133 of the CRD IV Directive as the Italian level-1 rules for CRD IV implementation on this point have not yet been enacted.

As part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as CET1, Additional Tier 1 and Tier II capital instruments under the framework which CRD IV has replaced (CRD III) that no longer meet the minimum criteria under CRD IV will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 80% in 2014, with this cap decreasing by 10% in each subsequent year.

The new liquidity requirements introduced under CRD IV will also be phased in: the Liquidity coverage ratio, as discussed above, will apply from 1 January 2015 and be gradually phased in and the

European Commission intends to develop the net stable funding ratio with the aim of introducing it from 1 January 2018.

CRD IV may also introduce a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. Institutions are required to disclose their leverage ratio from 1 January 2015. Full implementation and European harmonisation, however, is not expected until 1 January 2018 following the European Commission's review in 2016 of whether or not the ratio should be introduced. There is therefore uncertainty as to regulatory requirements that UniCredit will be required to comply with.

Forthcoming regulatory changes

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and CRD IV, there are several new global initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments Directive, Markets in Financial Instruments Regulation, and the Bank Recovery and Resolution Directive. The Basel committee has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course.

ECB Single Supervisory Mechanism

On 15 October 2013, the Council of the European Union adopted regulations establishing a single supervisory mechanism (the **ECB Single Supervisory Mechanism**) for eurozone banks and other credit institutions, which will, beginning in November 2014, give the ECB, in conjunction with the national regulatory authorities of the eurozone states, direct supervisory responsibility over "banks of systemic importance" in the eurozone. Banks of systemic importance include, *inter alia*, any eurozone bank that has: (i) assets greater than €30 billion; (ii) assets constituting at least 20% of its home country's gross domestic product; or (iii) requested or received direct public financial assistance from the European Financial Stability Facility or the European Stability Mechanism. The ECB will also have the right to impose pecuniary sanctions and set binding regulatory standards.

UniCredit was included in the list of global systemically important banks (**G-SIBs**) published on 4 November 2011 (and as last updated on 11 November 2013) by the Financial Stability Board. The banks included in that list (which will be updated annually) as at November 2014 will be subject to increased oversight and will be required to, among other things, maintain the capacity to absorb additional losses through the capital buffer for globally systemically important banks, as discussed above, comprised of common equity Tier 1 of between 1% and 3.5% of their risk-weighted assets from 2016.

Prior to November 2014, the EBA will conduct a series of tests on the financial and liquidity condition of selected banks, including stress tests and asset quality tests, and will ensure that, once the ECB begins exercising its supervisory powers in November 2014, regular stress-tests will continue to be carried out to assess the resilience of European banks. See "*The ECB is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain*", below.

National regulatory authorities will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks. The ECB, on the other hand, will be exclusively responsible for prudential supervision, which includes, *inter alia*, the power to: (i) authorise and withdraw authorisation from all "banks of systemic importance" in the eurozone; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) impose robust corporate governance practices and internal capital adequacy

assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities.

In order to foster consistency and efficiency of supervisory practices across the eurozone, the EBA is continuing to develop a single supervisory handbook applicable to EU Member States (the **EBA Rulebook**). However, the EBA Rulebook has not yet been finalised.

The CRD IV Regulation contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to liquidity, in order to enhance regulatory harmonisation in Europe through the Single Rule Book. Specifically, the CRD IV Regulation tasks the EBA with advising on appropriate uniform definitions of liquid assets for the Liquidity Coverage Ratio buffer. In addition, the CRD IV Regulation states that the EBA shall report to the Commission on the operational requirements for the holdings of liquid assets. Furthermore the CRD IV Regulation also tasks the EBA with advising on the impact of the liquidity coverage requirement, on the business and risk profile of institutions established in the European Union, on the stability of financial markets, on the economy and on the stability of the supply of bank lending.

The above topics were addressed by the EBA in two reports published in December 2013: (i) the impact assessment for liquidity coverage requirements and (ii) appropriate uniform definitions of extremely high quality assets and high quality liquid assets and on operational requirements for liquid assets. These two reports provide specific recommendations to the European Commission for the purpose of the forthcoming delegated act in June 2014. There is therefore some uncertainty as to the final form of these delegated acts. Also, the Basel Committee's oversight body issued in January 2013 additional contributions to the "Basel III Liquidity Coverage Ratio Agreement and Liquidity Risk Monitoring Tools", defining certain specific aspects in relation to the interaction between the Liquidity Coverage Ratio and the use of the Central Bank Committed Liquidity Facility. In this respect, the proposed quantitative minimum fee on Committed Liquidity Facilities is a point of concern from UniCredit's perspective.

The ECB is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain

The ECB announced in October 2013 that it would commence a comprehensive assessment, including stress tests and an asset quality review, of certain large European banks, including UniCredit. The findings from this assessment, expected to be published in November 2014, may result in recommendations for additional supervisory measures and corrective actions affecting UniCredit and the banking environment generally. It is not yet possible to assess the impact of such measures, if any, on UniCredit or on the treatment of capital instruments (such as the Notes). Furthermore, the disclosure of the ECB's findings or the implementation of additional supervisory measures that are viewed by the market as unfavourable to the Issuer or the Notes could adversely affect the trading price of the Notes.

The UniCredit Group may be subject to the provisions of the EU Recovery and Resolution Directive, once finalised and implemented, in the future

On 18 December 2013, the Council of the European Union published a revised draft of the legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Recovery and Resolution Directive** or **Draft RRD**). The final text is expected to be approved by the European Parliament by April 2014. The Draft RRD provides competent authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

Except for the Bail-In Tool with respect to eligible liabilities, which is expected to apply as from 1 January 2016, the Draft RRD contemplates that the measures set out therein, including the Bail-In Tool with respect to capital instruments such as the Notes, will apply as from 1 January 2015.

The powers provided to "resolution authorities" in the Draft RRD include write down/conversion powers to ensure that capital instruments (including Additional Tier 1 Capital instruments such as the Notes) and eligible liabilities (including senior debt instruments) fully absorb losses at the point of non-viability of the issuing institution (referred to as the **Bail-In Tool**). Accordingly, the Draft RRD contemplates that resolution authorities may require the write down of such capital instruments and eligible liabilities in full on a permanent basis, or convert them in full into common equity tier 1 instruments (**RRD Non-Viability Loss Absorption**). The Draft RRD provides, inter alia, that resolution authorities shall exercise the write down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including Additional Tier 1 Capital instruments such as the Notes) being written down or converted into common equity tier 1 instruments on a permanent basis and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority.

The point of non-viability under the Draft RRD is the point at which the national authority determines that:

(a) the institution is failing or likely to fail, which includes situations where:

  (i) the institution has incurred/will incur in a near future losses depleting all or substantially all its own funds;

  (ii) the assets are/will be in a near future less than its liabilities;

  (iii) the institution is/will be in a near future unable to pay its debts or other liabilities when they fall due; and/or

  (iv) the institution requires public financial support;

(b) there is no reasonable prospect that a private action would prevent the failure; and

(c) a resolution action is necessary in the public interest.

The Draft RRD currently represents the official proposal at the EU level for the implementation in the European Economic Area of the non-viability requirements set out in the press release dated 13 January 2011 issued by the Basel Committee on Banking Supervision (the **Basel Committee**) entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the **Basel III Non-Viability Requirements**), which forms a part of the broader Basel III requirements, implemented in the European Union through CRD IV. The CRD IV Regulation contemplates that the Basel III Non Viability Requirements will be implemented in the European Economic Area by way of the Draft RRD and the RRD Non Viability Loss Absorption.

It is currently unclear whether RRD Non-Viability Loss Absorption, when implemented, will apply to capital instruments such as the Notes that are already in issue at that time or whether certain grandfathering rules will apply.

In addition to RRD Non-Viability Loss Absorption, the Draft RRD provides resolution authorities with broader powers to implement other resolution measures with respect to banks which reach non-viability, which may include (without limitation) the sale of the bank's business, the separation of assets, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

The powers currently set out in the draft RRD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative procedure.

As such, it is too early to anticipate the full impact of the draft directive but there can be no assurance that, once it is agreed upon and implemented, Noteholders will not be adversely affected by actions taken under it. In addition, there can be no assurance that, once the draft RRD is agreed upon and implemented, its application will not have a significant impact on the UniCredit Group's results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the UniCredit Group and the products and services offered by the UniCredit Group.

The UniCredit Group may be subject to a proposed EU regulation on mandatory separation of certain banking activities

On 29 January 2014, the European Commission adopted a proposal for a new regulation following the recommendations released on 31 October 2012 by the High Level Expert Group (the Liikanen Group) on the mandatory separation of certain banking activities. The proposed regulation contains new rules to stop the biggest and most complex banks from engaging in the activity of proprietary trading. The new rules would also give supervisors the power to require those banks to separate certain trading activities from their deposit-taking business if the pursuit of such activities compromises financial stability. Alongside this proposal, the Commission has adopted accompanying measures aimed at increasing transparency of certain transactions in the shadow banking sector.

The proposed regulation will apply to European banks that will eventually be designated as global systemically important banks (**G-SIBs**) or that exceed the following thresholds for three consecutive years: a) total assets are equal or exceed €30 billion; b) total trading assets and liabilities are equal or exceed €70 billion or 10% of their total assets. The banks that meet either one of the aforementioned conditions will be automatically banned from engaging in proprietary trading, defined narrowly as activities with no hedging purposes or no connection with customer needs. In addition, such banks will also be prohibited from investing in or holding shares in hedge funds, or entities that engage in proprietary trading or sponsor hedge funds. Other trading and investment banking activities - including market-making, lending to venture capital and private equity funds, investment and sponsorship of complex securitisation, sales and trading of derivatives – are not subject to the ban, however they might be subject to separation.

The proprietary trading ban would apply as of 1 January 2017 and the effective separation of other trading activities would apply as of 1 July 2018.

Should a mandatory separation be imposed, additional costs at Group level are not ruled out, in terms of higher funding costs, additional capital requirements and operational costs due to the separation, lack of diversification benefits. Due to a relatively limited trading activity, Italian banks could be penalised and put at a relative disadvantage in comparison with their main European competitors (e.g.: French and German banking institutions). As a result, the proposal could lead to the creation of an oligopoly where only the biggest players will be able to support the separation of the trading activities and the costs that will be incurred. An additional layer of complexity, leading to uncertainty, is the high risk of diverging approaches throughout Europe on this issue.

The UniCredit Group may be affected by a proposed EU Financial Transactions Tax

On 14 February 2013 the European Commission published a legislative proposal on a new Financial Transactions Tax (the **FTT**). The proposal followed the Council's authorisation to proceed with the adoption of the FTT through enhanced cooperation, i.e. adoption limited to 11 countries - among which Italy, France, Germany and Austria. Although implementation was originally envisaged for 1 January 2014, the process has been delayed.

Given the concerns voiced by both the financial sector and business associations, it is unclear how the FTT will proceed and when it will be implemented. If adopted, the impact on the 'real economy' of the FTT as currently envisaged – especially for corporations – could be severe as many financial

transactions are made on behalf of businesses that would bear the additional costs of the tax. For example, a transaction tax would raise the cost of the sale and purchase of corporate bonds in a time where it is widely acknowledged that access to capital markets by corporate issuers has to be incentivised.

Moreover, it is a matter of concern for the UniCredit Group that the proposal does not exempt the transfers of financial instruments within a group. Thus, if a financial instrument is not purchased for a client but only moved within a banking group, each transaction would be subject to taxation. Also, the inclusion of derivatives and repos/lending transactions in the taxation scope clashes with the efficiency of financial markets.

The UniCredit Group may be affected by new accounting standards

Following the entry into force and subsequent application of new accounting standards, regulatory rules and/or the amendment of existing standards and rules (including the ECB's comprehensive assessment of European banks), the UniCredit Group may have to revise the accounting and regulatory treatment of certain transactions and the related income and expense. This may have potentially negative effects on the estimates contained in the financial plans for future years, and may cause the UniCredit Group to have to restate previously published financials.

In this regard, it should be pointed out that new IFRS 10, IFRS 11 and IFRS 12 entered into force on 1 January 2014, while a relevant change is also expected in future periods from the finalisation of IFRS 9:

- IFRS 10 "*Consolidated Financial Statements*", IFRS 11 "*Joint Arrangements*" and IFRS 12 "*Disclosure of Interests in Other Entities*" govern, respectively, the definition of "control" and the consolidation of subsidiaries (IFRS10), the definition of "joint venture" (IFRS11) and the information to be provided on the scope of consolidation and on "structured entities" not subject to consolidation (IFRS12). With the new IFRS 11 coming into effect, the equity method of accounting will be adopted for investments currently consolidated proportionately, with no effects on the Group's net equity. As a consequence, this item will be excluded from the total assets of the consolidated financial statements. Neither the Group's total assets nor net equity are expected to be significantly impacted by the determination of the scope of consolidation under the new rules laid down by IFRS 10;

- IFRS 9 is currently being finalised. This new standard will introduce significant changes with regard to classification, measurement, impairment and hedge accounting of instruments, including financial instruments, replacing IAS 39. At the present time, IASB decided that the mandatory effective date of IFRS 9 will be no earlier than 2017, following the IASB's enactment and the endorsement by the European Union.

In October 2013 the ECB and national competent authorities responsible for conducting banking supervision announced a "Comprehensive Assessment of Significant Banks", in line with the provisions of the regulation on the ECB Single Supervisory Mechanism (see "*-ECB Single Supervisory Mechanism*" and "*The ECB is in the process of performing a comprehensive assessment of the Issuer and other European banks, the outcome of which is uncertain*", above). Accordingly, UniCredit Group will be subject to this assessment, whose first phase in 2014 will be an asset quality review. As a result of this prudential exercise, the Group may have to revise its accounting and regulatory treatment of certain transactions.

At a national level, the Italian competent authorities approved new regulations that could adversely affect the business and the profitability of the Group.

Firstly, paragraph 629 of Italian Law 147/2013 (*Legge di Stabilità 2014*) provides that the Interministerial Committee for Credit and Saving (**ICRS**) establishes procedures and criteria with reference to the calculation of interest in banking activities.

The procedures have to be compliant with the following conditions:

- it is mandatory, in current account transactions, to have the same calculation frequency in (a) the calculation for charging interest and (b) the calculation for awarding interest;

- the interest periodically charged cannot produce further interest; in subsequent accounting periods, interest can be calculated only on the outstanding debt.

Therefore the aim of the rule is to prohibit accrued interest from producing further interest charges (so-called "interest on interest due"). The bank could be obliged to account separately capital (debt) and accrued interest, in order to calculate further interest only on the capital part.

The exact impact of such provision will be determined only when the ICRS releases the resolution, but it is possible that it will affect the possibility to charge "compound interest", i.e. interest on capital plus interest on accrued interest.

Secondly, Italian Law 5/2014 provided an increase of the corporate tax rate (IRES) for bank and insurance companies. The increase is only temporary, since it applies only for 2014, but it could considerably increase the tax burden of banks.

Finally the Italian Revenue Agency (*Agenzia delle Entrate*) implemented provisions regarding the new paragraph 4 of Italian Law Decree 167/1990 (as modified by art. 9 par. 1 of European Law 97/2013). According to such provisions all income from investments held abroad and from financial investments is subject to a withholding tax or to a substitute tax of income tax applied by resident investment companies, not only when they are in charge of managing, safekeeping and administration those investments, but also when they intervene in the collection of cash movements or of income from investments held abroad. The Italian Revenue Agency implemented such provision but, due to the difficulties in the application of the new rules, the effectiveness of the substitute tax has been postponed to 1 July 2014 with Italian Revenue Agency Provision No. 2014/24663 of 19 February 2014.

Operational and IT risks are inherent in the UniCredit Group's business

The UniCredit Group's operations are complex and geographically diverse, and require the ability to efficiently and accurately process a large number of transactions while complying with applicable laws and regulations in the countries in which it operates. The UniCredit Group is exposed to operational risks and losses that can result from, among other things, internal and external fraud, unauthorized activities in the capital markets, inadequate or faulty systems and controls, telecommunications and other equipment failures, data security system failures, errors, omissions or delays of employees, including with respect to the products and services offered, unsuitable UniCredit Group policies and procedures, including those related to risk management, customer complaints, natural disasters, terrorist attacks, computer viruses and violations of law.

In addition, recent acquisitions and organisational restructuring in Italy, Germany, Austria and Central and Eastern Europe, has led to the integration of the information, internal audit and accounting systems of the companies acquired, some of which were profoundly different from those used by the UniCredit Group. As of the date of this Prospectus, the UniCredit Group's commercial banking activities in Italy, Germany and Austria are integrated on the EuroSIG platform.

While the UniCredit Group actively employs procedures to contain and mitigate operational risk and related adverse effects, the occurrence of certain unforeseeable events, wholly or partly out of the UniCredit Group's control, could substantially limit their effectiveness. As a result, there can be no

assurance that the UniCredit Group will not suffer future material losses due to the inadequacy or failure of the above procedures. The occurrence of one or more of above risks could adversely affect the UniCredit Group's results of operations, business and financial position.

Intense competition, especially in the Italian market, where the UniCredit Group has a substantial part of its businesses, could have a material adverse effect on the UniCredit Group's results of operations and financial condition

UniCredit and the companies belonging to the UniCredit Group are subject to risks arising from competition in the markets in which they operate, particularly in Italy, Germany, Austria, Poland and the CEE countries.

In particular, the Italian market represents the main market in which the UniCredit Group operates. As at 30 September 2013, 48.6% of direct funding and 45.2% of the revenues of the UniCredit Group are related to the Italian market.

In general, the international banking and financial services industry is extremely competitive. Competitive pressure could increase as a result of regulatory actions, the behaviour of competitors, consumer demand, technological advances, aggregation processes which involve large groups like the UniCredit Group requiring ever larger economies of scale, the entry of new competitors and other factors not entirely within the UniCredit Group's control. In addition, the aforementioned aggregation processes could intensify if instability in the financial markets persists. A worsening of the macroeconomic situation may also result in increased competitive pressure due to, for example, increased pressure on prices and lower volumes of activity.

In the event that the UniCredit Group is not able to respond to increasing competitive pressure through, among other things, providing innovative and profitable products and services to meet the needs of customers, the UniCredit Group could lose market share in the various sectors in which it is active.

In addition, as a result of such competition, the UniCredit Group may fail to maintain or increase business volumes and profit levels that have been achieved in the past, resulting in adverse effects on the UniCredit Group's results of operations, business and financial condition.

Risks connected with failure to implement the Strategic Plan

On 11 March 2014, the Board of Directors of UniCredit approved the UniCredit Group's 2013-2018 Strategic Plan (the **Strategic Plan**), which contains the following actions and objectives:

- The Strategic Plan envisages a separate reporting of the Italian non-core portfolio which includes assets defined as not strategic and not in line with the UniCredit Group risk appetite, managed through a dedicated team and tailored credit process (the **Non-Core Portfolio**); the Non-Core Portfolio consists of approximately €87 billion[6] in gross loans, including both performing (33%) and impaired loans (67%), of which more than 80% originated before 2009. UniCredit is the first bank in Italy to be fully operative on a segregated portfolio and to provide full transparency on the run-down process on a quarterly basis.

- The Strategic Plan of the core bank business is based on three key pillars:

    (1) the multi-channel transformation of commercial bank in western European markets and UniCredit's position as a European leader in corporate banking in order to further enhance the non-lending business;

[6] Pro forma as including Trevi to be consolidated since January 2014

(2) a strong focus on growth businesses such as selected CEE regions and capital-light businesses (such as asset management and asset gathering), and

(3) consolidation of leadership position for the Corporate and Investment Banking (CIB) segment and of operational excellence.

- Investments spread through the Strategic Plan will drive network restructuring and digitalisation in western Europe, foster growth in CEE and achieve group synergies.

- Strict cost control will lead to cost savings on the time horizon of the Strategic Plan, thanks to dedicated initiatives targeting business simplification which include FTEs reductions.

The Strategic Plan is based on a series of estimates and projections relating to the occurrence of future events and actions that will have to be undertaken by the management on the time horizon of the Strategic Plan.

The main projections on which the Strategic Plan is based include those relating to the macroeconomic scenario, which cannot be influenced by the management, as well as hypothetical assumptions relating to the effects of specific actions or concerning future events which can only be partially influenced by the management and which may not happen or may change over the period of time covered in the plan. These circumstances could therefore mean that the actual results achieved may differ considerably from the forecasts, and could have significant repercussions on the UniCredit Group's prospects.

In light of the uncertainty that characterises not only the projected data, but also the potential effects of the actions and managerial choices of the UniCredit Group's management based on the Strategic Plan, investors are reminded that they should not make their investment decisions based exclusively on this data.

Ratings

UniCredit is rated by Fitch Italia S.p.A. (**Fitch**), by Moody's Italia S.r.l. (**Moody's**) and by Standard & Poor's Credit Market Services Italy S.r.l. (**Standard & Poor's**), each of which is established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended by Regulation (EU) No 513/2011 (the **CRA Regulation**) as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the ESMA webpage *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*).

In determining the rating assigned to UniCredit, these rating agencies consider and will continue to review various indicators of the UniCredit Group's performance, UniCredit's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If UniCredit fails to achieve or maintain any or a combination of more than one of the indicators, including if UniCredit is unable to maintain its consolidated capital ratios within certain target levels, this may result in a downgrade of UniCredit's rating by Fitch, Moody's or Standard & Poor's.

Any rating downgrades of UniCredit or other entities of the UniCredit Group would increase the re-financing costs of the UniCredit Group and may limit its access to the financial markets and other sources of liquidity, all of which could have a material adverse effect on its business, financial condition and results of operations.

Risks in connection with legal proceedings

As at the date of this Prospectus, there are certain legal proceedings pending against UniCredit and other companies belonging to the UniCredit Group.

In many cases there is significant uncertainty as to the possible outcome of the proceedings and the amount of possible losses. These cases include criminal proceedings and administrative proceedings brought by supervising authorities as well as civil litigation where damages have not been specified (as is the case in the putative class actions in the United States).

To cover liabilities that may arise from pending lawsuits (other than those concerning employment matters, taxes or the recovery of loans), the UniCredit Group has set aside, as at 30 June 2013, a provision for risks and charges of €1,126 million. An estimated liability is based on information available from time to time, but it is also based on estimates because of the many uncertainties connected to litigation. Therefore, it is possible that provisions may be insufficient to fully deal with the charges, expenses, penalties, damages and other requests relating to pending proceedings, and, therefore the actual costs upon completion of pending proceedings may be significantly higher than previously anticipated. There are also proceedings, some of which have substantial amounts in issue, for which the UniCredit Group did not consider it necessary to make, or for which the UniCredit Group was not able to quantify, a provision.

The UniCredit Group must also comply with various legal and regulatory requirements concerning, among others, conflicts of interest, ethical issues, anti-money laundering, sanctions imposed by the United States or international bodies, privacy rights and information security. In particular, a member of the UniCredit Group is currently responding to a third-party witness subpoena from the New York County District Attorney's Office in connection with an ongoing investigation regarding certain, persons and/or entities believed to have engaged in conduct that violated applicable sanctions promulgated by the US Treasury Department Office of Foreign Assets Control. Failure to comply with these requirements may lead to additional litigation and/or investigations and may subject the UniCredit Group to claims for damages, fines, penalties as well as subject it to reputational damage.

The UniCredit Group is involved in pending tax proceedings

At the date of the Prospectus, there are different tax proceedings pending against UniCredit and other companies belonging to the UniCredit Group.

For example, over the past decade, several Group banks have carried out structured finance transactions, including the "DB Vantage" transaction. In connection with such structured finance transactions, UniCredit and several Group banks have been audited or investigated by the Italian Revenue Agency (*Agenzia delle Entrate*). Those audits and investigations presented tax and legal risks to the UniCredit Group. Several of the above audits resulted in the issuance of tax assessment notices to UniCredit and other Group banks with reference to fiscal years 2004 and 2005. As regards the fiscal year 2005, UniCredit settled the tax assessment notices for amounts lower than originally assessed, while the fiscal year 2004 was challenged and the related tax proceedings are still pending.

There can be no assurance that UniCredit Group will not be subject to an adverse outcome of one or more of the tax proceedings to which it is subject or may be subject in the future. Such an adverse outcome could have a material adverse effect on the UniCredit Group's results of operations, business and financial condition. In addition, should a member of the UniCredit Group breach or allegedly breach tax legislation in one or more of the countries in which the UniCredit Group operates, the UniCredit Group could be exposed to increased tax risks, which in turn could increase the likelihood of further tax litigation and result in reputational damage.

Risks related to the Goodwill Impairment Test

As announced in the 11 March 2014 Press Release, UniCredit booked €9.3 billion of impairment losses (of which €8.0 billion of goodwill and €1.3 billion of customer relationships) in the fourth quarter of the 2013 financial year; as a result of these write-downs, the goodwill allocated to the Commercial Banking Italy, Commercial Banking Austria and Central Eastern Europe CGUs was written down in its entirety.

The main reasons that have led to the need for a goodwill impairment are related to the Strategic Plan and the underlying macro scenario, which has been reviewed versus the one used in previous impairment test taking into consideration the recent developments of macro and financial KPIs. On top of that, also the increase of the Core Tier 1 ratio target to 10% in 2018, consistently with the Strategic Plan target, has been a key determinant of goodwill impairment.

It must also be emphasised that the parameters and information used to verify the recoverability of goodwill (in particular the expected cash flows for the various cash generating CGUs[7], and the discount rates used) are significantly influenced by the macroeconomic and market situation, which may be subject, to currently unpredictable changes. The effect that these changes may have on the estimated cash flows of the different CGUs, as well as on the main assumptions made, could therefore lead to different results in the coming financial years with respect to those reported in the UniCredit Group Consolidated Annual Report at 31 December 2013; consequently the results of the next sustainability tests on goodwill could show a recoverable amount less than the carrying value and therefore highlight the need to perform a further goodwill impairment.

RISKS RELATING TO THE NOTES

The following does not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

The Notes are complex instruments that may not be suitable for certain investors

The Notes are novel and complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of Interest Amounts or a Write-Down and the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

The Notes are subordinated obligations of the Issuer

The Issuer's obligations under the Notes are unsecured and subordinated and will rank subordinate and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any Tier 2 Capital or guarantee in respect of any such instruments (other than any instrument or contractual right expressed to rank *pari passu* with the Notes), as more fully described in the "*Terms and Conditions of the Notes*".

If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the Noteholders shall rank senior to any payments to holders of the Issuer's shares, including its *azioni privilegiate,* ordinary shares and *azioni di risparmio* (or certain securities or guarantees expressed to rank *pari passu* with the Issuer's shares or otherwise junior to the Notes, as further described in Condition 4 (*Status of the Notes*)). In the event of incomplete payment of unsubordinated creditors in the event of a liquidation, the obligations of the Issuer in connection with the Notes will be terminated (save as otherwise provided under applicable law from time to time). Noteholders shall be responsible for taking all steps necessary for the orderly accomplishment of any collective proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

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[7] The CGUs (Cash Generating Unit) are the Business Segments related to Segment Reporting reported in Integrative Note Section L of the UniCredit Group Consolidated Reports at 30 June 2013 and at 31 December 2013

Although the Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment should the Issuer become insolvent.

The Issuer is not prohibited from issuing further debt which may rank *pari passu* with or senior to the Notes

The Terms and Conditions of the Notes place no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes or on the amount of securities that it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including cancellation of interest and reduction of principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

There are no events of default under the Notes

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Issuer may elect in its full discretion to cancel interest on the Notes and may, in certain circumstances, be required to cancel such interest

The Issuer may elect in its full discretion to cancel (in whole or in part) Interest Amounts otherwise scheduled to be paid on any Interest Payment Date. Further, the Issuer will be required to cancel payment of Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts, when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year, exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items. The Issuer will also be required to cancel payment of Interest Amounts (in whole or, as the case may be, in part) if and to the extent that such payment, when aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive), would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the UniCredit Group to be exceeded.

The Issuer's Distributable Items will depend to a large extent on, *inter alia*, the dividends that it receives from its subsidiaries and affiliates. The Maximum Distributable Amount is a novel concept which will apply when the combined capital buffer requirements are not met, and its determination is subject to considerable uncertainty, as further described below under "*Many aspects of the manner in which CRD IV will be implemented remain uncertain.*"

Furthermore, upon the occurrence of a Contingency Event (as defined in Condition 6.1 (*Loss absorption*)), the Issuer will not make payment of accrued and unpaid interest in respect of the Notes up to the Write-Down Effective Date and any such accrued and unpaid interest shall be cancelled.

The cancellation of any Interest Amounts shall not constitute a default for any purpose on the part of the Issuer. Interest on the Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of such

amounts shall be fully and irrevocably forfeited and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof. See Condition 5 of the Notes (*Interest and Interest Cancellation*).

Because the Issuer is entitled to cancel Interest Amounts in its full discretion, it may do so even if it could make such payments without exceeding the limits described above. Interest Amounts on the Notes may be cancelled even if holders of the Issuer's shares continue to receive dividends.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that the Issuer may not meet the combined buffer requirement specified in the CRD IV Directive (or, if different, any provision of Italian law implementing the CRD IV Directive) may have an adverse effect on the market price of the Notes.

The Issuer may be required to reduce the principal amount of the Notes to absorb losses, which would also impact the Interest Amounts payable on any Interest Payment Date while the Notes are written down

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital under CRD IV both at the level of the Issuer and at the level of the UniCredit Group. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions of the Notes, if at any time the Issuer's or the UniCredit Group's Common Equity Tier 1 Capital Ratio falls below 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group (a **Contingency Event**), the Issuer shall reduce the then Prevailing Principal Amount of the Notes by the Write-Down Amount, *pro rata* with the other Notes and taking into account the at least *pro rata* write-down or conversion into Ordinary Shares of any other Equal Loss Absorbing Instruments (and taking into account the write-down or conversion of any Prior Loss Absorbing Instruments). See Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*).

Although Condition 6.3 (*Reinstatement of principal amount*) permits the Issuer in its full discretion to reinstate Written-Down principal amounts up to a maximum of the Initial Principal Amount if certain conditions (further described therein) are met, the Issuer is under no obligation to do so. Moreover, the Issuer will only have the option to Write-Up the principal amount of the Notes if, at a time when the Prevailing Principal Amount of the Notes is less than their Initial Principal Amount, it records positive Net Income or (to the extent permitted by then prevailing Relevant Regulations) positive Consolidated Net Income, and if the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Italian law transposing or implementing Article 141(2) of the CRD IV Directive, as amended or replaced)) would not be exceeded as a result of the Write-Up.

No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write-Up the principal amount of the Notes following a Write-Down. Furthermore, any Write-Up must be undertaken on a *pro rata* basis with the other Notes and any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in Condition 6.3 (*Reinstatement of principal amount*) in the circumstances then existing.

During the period of any Write-Down pursuant to Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*), interest will accrue (subject in certain circumstances to the Maximum Distributable

Amount, as further set out below) on the Prevailing Principal Amount of the Notes, which shall be lower than the Initial Principal Amount unless and until the Notes are subsequently Written-Up in full. Furthermore, in the event that a Write-Down occurs during an Interest Period, any interest accrued but not yet paid until the occurrence of such Write-Down will be cancelled and, if not cancelled in accordance with Condition 5.10 (*Cancellation of Interest Amounts*), the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated on the Prevailing Principal Amount resulting from the Write-Down. See generally Condition 5.8 (*Calculation of Interest Amount in case of Write-Down*).

Noteholders may lose all or some of their investment as a result of a Write Down. If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer, or if the Issuer is liquidated for any other reason prior to the Notes being written up in full pursuant to Condition 6, Noteholders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Notes.

In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Notes following a Write-Down and on its ability to redeem or repurchase Notes. See generally "*-Many aspects of the manner in which CRD IV will be implemented remain uncertain*".

The market price of the Notes is expected to be affected by fluctuations in the Issuer's and the UniCredit Group's Common Equity Tier 1 Capital Ratio. Any indication that the Issuer's or the UniCredit Group's Common Equity Tier 1 Capital Ratio is approaching the level that would trigger a Contingency Event may have an adverse effect on the market price of the Notes.

The calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside the Issuer's control

The occurrence of a Contingency Event, which would result in a Write-Down of the Prevailing Principal Amount of the Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Because the Competent Authority may require Common Equity Tier 1 Capital Ratios to be calculated as of any date (which calculation shall be binding on the Noteholders), a Contingency Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of the Issuer or of the UniCredit Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in the UniCredit Group's structure or organisation. The calculation of the ratios also may be affected by changes in the applicable laws and regulations or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion is under the applicable accounting rules is exercised.

Due to the uncertainty regarding whether a Contingency Event will occur, it will be difficult to predict when, if at all, the Prevailing Principal Amount of the Notes may be Written Down. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer or of the UniCredit Group is approaching the level that would trigger a Contingency Event may have an adverse effect on the market price and liquidity of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

Many aspects of the manner in which CRD IV will be implemented remain uncertain

Many of the provisions of the Terms and Conditions of the Notes depend on the final interpretation and implementation of CRD IV. CRD IV is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Although the CRD IV Regulation will be directly applicable in each Member State, the CRD IV Regulation leaves a number of

important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leaves certain other matters to the discretion of the Competent Authority. In addition, CRD IV contemplates that, beginning in November 2014, the European Central Bank will assume certain supervisory responsibilities formerly handled by national regulators. The European Central Bank may interpret CRD IV, or exercise discretion accorded to the Competent Authority under CRD IV (including options with respect to the treatment of assets of other affiliates) in a different manner than national regulators. The manner in which many of the new concepts and requirements under CRD IV will be applied to the Issuer and the UniCredit Group remains uncertain.

In particular, the determination of the Maximum Distributable Amount is complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to pay interest on the Notes, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Notes following a Write-Down upon the occurrence of a Contingency Event and on its ability to redeem or repurchase Notes. There are a number of factors that render the application of the Maximum Distributable Amount particularly complex:

- It applies when certain capital buffers are not maintained. A "capital buffer" is an amount of capital that a financial institution is required to maintain beyond the minimum amount required by applicable regulations. If the institution fails to meet the capital buffer, it becomes subject to restrictions on payments and distributions on shares and other Tier 1 instruments (including its ability to make payments on and to redeem and purchase Additional Tier 1 Capital instruments such as the Notes), and on the payment of certain bonuses to employees. There are several different buffers, some of which are intended to encourage countercyclical behaviour (with extra capital retained when profits are robust), and others of which are intended to provide additional capital cushions for institutions whose failure would result in a significant systemic risk.

- The dates as of which the different capital buffers (and thus the Maximum Distributable Amount) will apply are uncertain. It is currently expected that the first capital buffer will apply in 2016 based on capital ratios as of the end of 2015, but regulators have the ability to accelerate this date. The date of application of some buffers (or even whether they will apply) has not yet been determined. As a result, it is difficult to predict when the Maximum Distributable Amount will apply to the Notes, and to what extent. In its Circular no. 285 of 17 December 2013, the Bank of Italy set the capital conservation buffer for Italian financial institutions at 2.5%, and such provision came into force on 1 January 2014.

- The Issuer will have the discretion to determine how to allocate the Maximum Distributable Amount among the different types of payments contemplated in Article 141(2) of the CRD IV Directive. Moreover, payments made earlier in the relevant period will reduce the remaining Maximum Distributable Amount available for payments later in the relevant period, and the Issuer will have no obligation to preserve any portion of the Maximum Distributable Amount for payments scheduled to be made later in a given period. Even if the Issuer attempts to do so, there can be no assurance that it will be successful, because the Maximum Distributable Amount will depend on the amount of Net Income earned during the course of the relevant period, which will necessarily be difficult to predict.

These issues and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit interest payments on the Notes, the reinstatement of the Prevailing Principal Amount of the Notes following a Write-Down and the ability of the Issuer to redeem and purchase Notes. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes.

The Issuer's interests may not be aligned with those of investors in the Notes

The Common Equity Tier 1 Capital Ratio, Distributable Items and any Maximum Distributable Amount will depend in part on decisions made by the Issuer and other entities in the UniCredit Group relating to their businesses and operations, as well as the management of their capital position. The Issuer and other entities

in the UniCredit Group will have no obligation to consider the interests of Noteholders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities in the UniCredit Group and the UniCredit Group's structure. The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Contingency Event. Moreover, in order to avoid the use of public resources, the Competent Authority may decide that the Issuer should allow a Contingency Event to occur at a time when it is feasible to avoid it. Noteholders will not have any claim against the Issuer or any other entity in the UniCredit Group relating to decisions that affect the capital position of the UniCredit Group, regardless of whether they result in the occurrence of a Contingency Event. Such decisions could cause Noteholders to lose all or part of their investment in the Notes.

Loss absorption at the point of non-viability of the Issuer and resolution

The powers provided to "resolution authorities" in the draft RRD described under "*The UniCredit Group may be subject to the provisions of the Recovery and Resolution Directive, once finalised and implemented, in the future*" include write down/conversion powers to ensure capital instruments (including Additional Tier 1 Capital instruments such as the Notes) fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the draft RRD contemplates that resolution authorities will be required to write down such capital instruments in full on a permanent basis, or convert them in full into Common Equity Tier 1 instruments, before any resolution action is taken. The draft RRD currently provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) Common Equity Tier 1 instruments being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of other capital instruments (including Additional Tier 1 Capital instruments such as the Notes) being reduced to zero on a permanent basis. Common Equity Tier 1 instruments may be issued to holders of other capital instruments that are written down.

It is currently unclear whether RRD Non-Viability Loss Absorption, when implemented, will apply to capital instruments (such as the Notes) that are already in issue at that time or whether certain grandfathering rules will apply. If and to the extent that such provisions, when implemented, apply to the Notes, and/or if the Basel III Non-Viability Requirements become applicable to the Notes at any time, the Notes may be subject to write down or conversion to Common Equity Tier 1 instruments upon the occurrence of the relevant trigger event, which may result in Noteholders losing some or all of their investment in the Notes. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of the Notes.

The draft RRD is not in final form and changes may be made to it in the course of the legislative process. In addition, as noted above, it is unclear whether the Basel III Non-Viability Requirements could be applied in respect of the Notes ahead of implementation of the RRD. Accordingly, it is not yet possible to assess the full impact of the relevant loss absorption provisions. There can be no assurance that, once implemented, the fact of applicable loss absorption provisions or the taking of any actions currently contemplated or as finally reflected in such provisions would not adversely affect the price or value of a Noteholder's investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

No scheduled redemption

The Issuer is under no obligation to redeem the Notes at any time before the date on which voluntary or involuntary winding up proceedings are instituted in respect of the Issuer, and the Noteholders have no right to call for their redemption.

The Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)), redeem the Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 9 of the Notes (*Taxation*), as described in Condition 7.2 (*General redemption option*).

In addition, the Issuer may also, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)), redeem the Notes in whole, but not in part, at any time following the occurrence of a Capital Event, a Tax Deductibility Event or an Additional Amount Event (each as defined herein) at their Prevailing Principal Amount, plus, in each case, any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*) as described in Condition 7.3 (*Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption upon the occurrence of a Tax Deductibility Event*) and Condition 7.5 (*Redemption upon the occurrence of an Additional Amount Event*).

Any such redemption will be subject to the prior written approval of the Competent Authority (if so required by the Relevant Regulations). Under the CRD IV Regulation, the Competent Authority will give its consent to a redemption or repurchase of the Notes if either of the following conditions is met:

(a) on or before such redemption or repurchase of the Notes, the Issuer replaces the Notes with Own Funds instruments of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds would, following such redemption or repurchase, exceed the CRD IV combined buffer requirements by a margin that the Competent Authority may consider necessary on the basis set out in CRD IV.

In addition, as discussed above under "*The UniCredit Group may be subject to the provisions of the EU Recovery and Resolution Directive, once finalised and implemented, in the future*" and "*Loss absorption at the point of non-viability of the Issuer and resolution*", the UniCredit Group may be subject to the provisions of the RRD in the future, including the RRD Non Viability Loss Absorption provisions. If and to the extent that such provisions, when implemented, apply to the Notes, and/or if the Basel III Non-Viability Requirements become applicable to the Notes at any time, the Notes may be subject to write down or conversion to Common Equity Tier 1 instruments upon the occurrence of the relevant trigger event, which may occur prior to a Contingency Event being triggered under the Terms and Conditions of the Notes.

The Issuer may elect not to exercise its option of redeeming the Notes early in the above circumstances or at any time.

The Notes are subject to early redemption upon the occurrence of a Special Event at the Prevailing Principal Amount

If the Issuer redeems the Notes pursuant to Condition 7.3 (*Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption upon the occurrence of a Tax Deductibility Event*) or Condition 7.5 (*Redemption upon the occurrence of an Additional Amount Event*), such Notes will be redeemed at their Prevailing Principal Amount, together with any accrued interest and any additional amounts due pursuant to Condition 9 of the Notes (*Taxation*), even if the principal amount of the Notes has been Written Down and not yet reinstated in full.

Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Notes.

The optional redemption feature is likely to limit the market value of the Notes, as during any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Any such redemption will be subject to prior written approval of the Competent Authority (if so required by the Relevant Regulations).

The Rate of Interest applicable to the Notes will be reset on every Reset Date

In particular, the Rate of Interest applicable to the Notes will be reset on the First Call Date and on every Reset Date thereafter. Such Rate of Interest will be determined two U.S. Government Securities Business Days before the relevant Reset Date and as such is not pre-defined at the date of issue of the Notes; it may be different from the Initial Rate of Interest and may adversely affect the yield of the Notes.

Meetings of Noteholders and modification

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders and Couponholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Terms and Conditions of the Notes will be governed by the laws of England, except for Condition 4 (*Status of the Notes*) which shall be governed by, and construed in accordance with, Italian law. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Italy or administrative practice after the date of this Prospectus.

Notes where denominations involve integral multiples: Definitive Notes

The Notes have denominations consisting of a minimum denomination of US$200,000 plus one or more higher integral multiples of US$1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of US$200,000. In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than US$200,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the Notes such that its holding amounts to a US$200,000 denomination.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and difficult to trade.

Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the common depositary. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

While the Notes are in global form, there may be a delay in reflecting any Write-Down or Write-Up of the Notes in the clearing systems.

For as long as the Notes are in global form and in the event that any Write-Down or Write-Up is required pursuant to the Conditions, the records of Euroclear and Clearstream, Luxembourg or any other clearing system of their respective participants' position held in the Notes may not be immediately updated to reflect the amount of Write-Down or Write-Up and may continue to reflect the Prevailing Principal Amount of the Notes prior to such Write-Down or Write-Up, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-Down or Write-Up will occur. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Notes in global form will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only such adviser is in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

EU Savings Directive

EC Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) requires an EU Member State to provide to the tax authorities of another EU Member State details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident in or certain limited types of entities established in, that other EU Member State, except that, for a transitional period, Luxembourg and Austria will instead impose a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. The Luxembourg government has announced that Luxembourg will opt out of the withholding system in favor of automatic exchange of information with effect from 1 January 2015. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. A number of third countries and territories have adopted similar measures to the Savings Directive. See "*Taxation—EU Savings Directive.*"

If a payment under a Note were to be made by a person in or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive as amended from time to time or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note, as the case may be, as a result of the imposition of such withholding tax. The Issuer is, however, required to maintain a Paying Agent with a specified office in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive as amended from time to time, or any law implementing or complying with, or introduced in order to confirm to, such Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

Transactions in the Notes could be subject to a future European financial transactions tax.

On 14 February 2013, the European Commission proposed a directive that, if adopted in this form, would subject transactions in securities such as the Notes to a financial transactions tax. The proposed directive would call for 11 European member states, including Italy, to impose a tax of generally at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished. See "*—The UniCredit Group may be affected by a proposed EU Financial Transactions Tax*" and "*Taxation—EU Proposed Financial Transactions Tax*."

Foreign Account Tax Compliance Act (FATCA) withholding risk

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the amounts payable by it under the Notes to, or to the order of, the holder of the Global Note, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

RISKS RELATED TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Although application has been made to admit the Notes to trading on the Luxembourg Stock Exchange, the Notes will have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may not continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

Moreover, although pursuant to Condition 7.6 of the Notes (*Purchase*) the Issuer can purchase the Notes at any moment, this is not an obligation for the Issuer. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and other industrialized countries. There can be no assurance that events in Italy, Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or U.S. dollars may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

Interest rate risks

An investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them. See also "*Risks related to the Notes- The Rate of Interest applicable to the Notes will be reset on every Reset Date*", above.

The Notes are not expected to be investment grade and are subject to the risks associated with non-investment grade securities

The Notes are not expected to be investment grade securities upon issue, and as such, may be subject to a higher risk of price volatility than higher-rated securities. Furthermore, increases in leverage or deteriorating outlooks for the Issuer, or volatile markets, could lead to a significant deterioration in market prices of below-investment grade rated securities such as the Notes.

Credit ratings may not reflect all risks

The Notes are rated by Fitch, which is established in the European Union and registered under the CRA Regulation as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the ESMA webpage *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*). These ratings may not reflect the potential impact of all risks related to structure, market, additional factor discussed above and other factors that may affect the value of the Notes or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Prospectus or that one or more rating agencies other than Fitch will not assign ratings to the Notes. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

OVERVIEW

This overview section must be read as an introduction to this Prospectus any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole.

Words and expressions in "*Terms and Conditions of the Notes*" shall have the same meanings in this section.

Issuer:	UniCredit S.p.A.
Notes:	US$1,250,000,000 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes
Issue Price:	100.00%
Joint Bookrunners and Joint Lead Managers:	Citibank International plc, HSBC Bank plc, Société Générale, UBS Limited and UniCredit Bank AG
Fiscal Agent and Principal Paying Agent:	Citibank, N.A., London Branch
Form and Denomination:	The Notes will be issued in bearer form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof, up to (and including) US$399,000.
Status of the Notes:	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer ranking:

(i) subordinate and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any instruments issued as Tier 2 Capital of the Issuer or guarantee in respect of any such instruments (other than any instrument or contractual right expressed to rank *pari passu* with the Notes);

(ii) *pari passu* among themselves and with the Issuer's obligations in respect of any Additional Tier 1 Capital or any other instruments or obligations which rank or are expressed to rank *pari passu* with the Notes or, in each case, any guarantee in respect of such instruments; and

(iii) senior to:

(A) the share capital of the Issuer, including its *azioni privilegiate*, ordinary shares and *azioni di risparmio;*

(B) (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and (ii) any securities issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (B) (i)) or guarantee or similar instrument (in the case of (B)(ii)) rank or are expressed to rank *pari*

passu with the claims described under (A) and (B) above and/or otherwise junior to the Notes.

Maturity: Subject as set out herein, the Notes will mature on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer; (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set at 31 December 2100); or (c) any applicable legal provision or any decision of any judicial or administrative authority. Upon maturity, the Notes will become due and payable at an amount equal to their Prevailing Principal Amount, together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

Prevailing Principal Amount, in respect of a Note on any date, means the Initial Principal Amount of such Note as reduced from time to time (on one or more occasions) pursuant to a Write-Down and/or reinstated from time to time (on one or more occasions) pursuant to a Write-Up in each case on or prior to such date.

Interest and Interest Payment Dates: Interest will accrue on the Prevailing Principal Amount of the Notes at the relevant Interest Rate and will be payable, subject as provided herein, semi-annually in arrears on 3 June and 3 December of each year (each, an **Interest Payment Date**), commencing on 3 June 2014.

The Interest Rate in respect of the Initial Period will be equal to 8.00% per annum.

The first payment of interest (for the period from and including the Issue Date to but excluding 3 June 2014, and amounting to US$13.33 per US$1,000 in principal amount of the Notes) shall be made on 3 June 2014.

The Interest Rate will be reset on 3 June 2024 (the **First Call Date**) and on each subsequent Reset Date and, for each subsequent Interest Period after the Initial Period, will be the sum of the rate for 5-Year Mid-Swap Rate on the day falling two Business Days before the applicable Reset Date, plus 5.18% per annum (the **Margin**).

Reset Date means the First Call Date and every date which falls five, or a multiple of five, years after the First Call Date.

See Condition 5 (*Interest and Interest Cancellation*).

Cancellation of Interest: The Issuer may elect in its full discretion to cancel (in whole or in part) the interest payable on any Interest Payment Date. Further, interest payable on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) by the Issuer if and to the extent that payment of such interest:

(a) when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital Instruments) scheduled for payment in the then current financial year, exceeds the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items; and

(b) when aggregated together with other distributions of the Issuer or the

UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive), would, if paid, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the UniCredit Group to be exceeded.

Interest shall also be cancelled if a Contingency Event occurs, as set out in Condition 6.1 (*Loss absorption*).

See Condition 5.10 (*Cancellation of Interest Amounts*).

Distributable Items means, subject as otherwise defined in the Relevant Regulations from time to time:

(a) an amount equal to the Issuer's profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of Own Funds instruments; less

(b) an amount equal to any losses brought forward, profits which are non-distributable pursuant to applicable Italian law or the by-laws of the Issuer and sums placed to non-distributable reserves in accordance with applicable Italian law or the by-laws of the Issuer,

those profits, losses and reserves being determined on the basis of the Issuer's non-consolidated accounts.

Maximum Distributable Amount means any maximum distributable amount relating to the Issuer and/or the UniCredit Group required to be calculated in accordance with the CRD IV Directive (or, if different, any provision of Italian law implementing the CRD IV Directive).

Calculation of Interest Amounts in case of a Write-Down

Subject to Condition 5.10 (*Cancellation of Interest Amounts*), in the event that a Write-Down occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 5.7 (*Calculation of Interest Amount*).

Calculation of Interest Amounts in case of a Write-Up

Subject to Condition 5.10 (*Cancellation of Interest Amounts*), in the event that a Write-Up occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated as the sum (rounding the resulting figure to the nearest cent, with half a cent being rounded upwards) of the following:

(a) the product of the applicable Rate of Interest, the Prevailing Principal Amount before such Write-Up, and the Day Count Fraction (determined as if the Interest Period ended on, but excluded, the date of such Write-Up); and

(b) the product of the applicable Rate of Interest, the Prevailing Principal Amount after such Write-Up, and the Day Count Fraction (determined as if the Interest Period started on, and included, the date of such Write-Up).

Non-cumulative interest:

Interest on the Notes is not cumulative. Interest that the Issuer elects not to pay

or is prohibited from paying will not accumulate or compound and all rights and claims in respect of any such amounts shall be fully and irrevocably cancelled and forfeited, and no payments shall be made nor shall any Noteholders be entitled to any payment or indemnity in respect thereof.

No restriction following non-payment of interest: In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, it will not give rise to any restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Notes.

Loss Absorption: If the Common Equity Tier 1 Ratio of the Issuer falls below 5.125% (an **Issuer Contingency Event**) or the Common Equity Tier 1 Ratio of the UniCredit Group falls below 5.125% (a **Group Contingency Event**) or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group (each, a **Contingency Event**), the Issuer shall:

(a) immediately notify the Competent Authority of the occurrence of the relevant Contingency Event;

(b) as soon as reasonably practicable, deliver a Loss Absorption Event Notice to Noteholders in accordance with Condition 16 (*Notices*), the Fiscal Agent and the Paying Agents;

(c) cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and

(d) without delay, and in any event within one month from the determination that the relevant Contingency Event has occurred, reduce the then Prevailing Principal Amount of each Note by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly), *pro rata* with the other Notes and taking into account the at least *pro rata* write-down or conversion into Ordinary Shares of any other Equal Loss Absorbing Instruments (and taking into account the write-down or conversion of any Prior Loss Absorbing Instruments).

A Write-Down may occur on more than one occasion and the Notes may be Written Down on more than one occasion.

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Notes, the Issuer shall procure that:

(a) a similar notice is, or has been, given in respect of each Prior Loss Absorbing Instrument and each Equal Loss Absorbing Instrument (in each case, in accordance with, and to the extent required by, its terms); and

(b) the prevailing principal amount of each Prior Loss Absorbing Instrument and Equal Loss Absorbing Instrument outstanding (other than the Notes) (if any) is written down or converted, as appropriate, in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Loss Absorption

Event Notice.

Equal Loss Absorbing Instrument means:

(a) in respect of an Issuer Contingency Event, at any time, any instrument issued directly or indirectly by the Issuer which contains provisions relating to a write-down or conversion into Ordinary Shares of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer; and

(b) in respect of a Group Contingency Event, at any time, any instrument issued directly or indirectly by the Issuer or any member of the UniCredit Group (a **Group Entity**) which contains other provisions relating to a write-down or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the UniCredit Group,

and, in each case, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

Prior Loss Absorbing Instrument means:

(a) in respect of an Issuer Contingency Event, at any time, any instrument issued directly or indirectly by the Issuer which contains provisions relating to a write-down or conversion into Ordinary Shares of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer; and

(b) in respect of a Group Contingency Event, at any time: (i) any instrument issued directly or indirectly by the Issuer or any Group Entity which contains provisions relating to a write-down or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the UniCredit Group; and (ii) any instrument issued directly or indirectly by any Group Entity which contains provisions relating to a write-down or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier

1 Capital Ratio of that Group Entity, or of a group within the prudential consolidation of such Group Entity pursuant to Chapter 2 of Title II or Part One of the CRD IV Regulation other than the UniCredit Group (a **Sub-Group**), falling below the level specified in such instrument at the date on which the relevant Group Contingency Event first occurred,

and, in each case, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

Write-Down Amount means the amount by which the then Prevailing Principal Amount of each outstanding Note is to be Written Down pursuant to a Write-Down, being:

(i) the amount that (together with (a) the prior write down or conversion of any Prior Loss Absorbing Instruments and (b) the Write-Down of the other Notes and the write-down or conversion of any Equal Loss Absorbing Instruments) would be sufficient to cure the Contingency Event; and

(ii) if that Write-Down (together with (a) the prior write down or conversion of any Prior Loss Absorbing Instruments and (b) the Write-Down of the other Notes and the write-down or conversion of any Equal Loss Absorbing Instruments) would be insufficient to cure the Contingency Event, or the Contingency Event is not capable of being cured, the amount necessary to reduce the Prevailing Principal Amount to one cent.

See Condition 6.3 (*Reinstatement of principal amount*).

Reinstatement of principal amount:

If the Issuer records a positive Net Income or, to the extent permitted by then prevailing Relevant Regulations, positive Consolidated Net Income at any time while the Prevailing Principal Amount of the Notes is less than their Initial Principal Amount, the Issuer may, in its full discretion and subject to the Maximum Distributable Amount (if any) (when the amount of the Write Up Amount is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Italian law implementing Article 141(2) of the CRD IV Directive, as amended or replaced)) not being exceeded thereby, increase the Prevailing Principal Amount of each Note (a **Write-Up**) up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Notes and with any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in Condition 6.3 (*Reinstatement of principal amount*) in the circumstances existing on the date of the relevant Write-Up (based on their Initial Principal Amounts), provided that the sum of:

(a) the aggregate amount of the relevant Write-Up on all the Notes;

(b) the aggregate amount of any interest payments on the Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the end of the previous financial year;

(c) the aggregate amount of the increase in principal amount of each such

Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up; and

(d) the aggregate amount of any interest payments on each such Written-Down Additional Tier 1 Instrument that were paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Write-Up Amount.

Maximum Write-Up Amount means:

(a) if Consolidated Net Income is permitted to be used for the relevant Write-Up under then prevailing Relevant Regulations, the Consolidated Net Income multiplied by the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the UniCredit Group, and divided by the total Tier 1 Capital of the UniCredit Group as at the date of the relevant Write-Up; or

(b) otherwise, the Net Income multiplied by the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Issuer, and divided by the total Tier 1 Capital of the Issuer as at the date of the relevant Write-Up,

or any higher amount permissible pursuant to the Relevant Regulations on the date of the relevant Write-Up.

Written Down Additional Tier 1 Instrument means an instrument (other than the Notes) issued directly or indirectly by the Issuer or, as applicable, any member of the UniCredit Group, and qualifying as Additional Tier 1 Capital of the Issuer or, as applicable, the UniCredit Group that as at the time immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to a write-down.

A Write-Up may be made on one or more occasions until the Prevailing Principal Amount of the Notes has been reinstated to the Initial Principal Amount of the Notes.

If the Issuer decides to Write-Up the Notes, notice (a **Write-Up Notice**) of the amount of any Write-Up (as a percentage of the Initial Principal Amount of a Note resulting in a *pro rata* increase in the Prevailing Principal Amount of each Note) and the date on which such Write-Up shall take effect shall be given to Noteholders and the Fiscal Agent at least 10 Business Days prior to the date on which the relevant Write-Up becomes effective.

No right of Noteholders to redeem:	The Notes may not be redeemed at the option of the Noteholders.
General Redemption Option:	The Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)), redeem the Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount plus any accrued interest and any additional amounts due

pursuant to Condition 9 (*Taxation*).

Redemption due to a Capital Event, a Tax Deductibility Event or an Additional Amount Event:

In addition, the Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)), redeem the Notes in whole, but not in part following the occurrence of a Capital Event, a Tax Deductibility Event or an Additional Amount Event (each as defined herein) at their Prevailing Principal Amount, plus, in each case, any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*), as described in Condition 7.3 (*Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption upon the occurrence of a Tax Deductibility Event*) and Condition 7.5 (*Redemption upon the occurrence of an Additional Amount Event*).

For purposes of this provision:

Additional Amount Event means the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings:

(A) which change or amendment:

(i) becomes effective on or after the Issue Date;

(iii) was not reasonably foreseeable by the Issuer as at the Issue Date;

(iv) is evidenced by the delivery by the Issuer to the Fiscal Agent of a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer has or will become obliged to pay such additional amounts and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail;

(B) which the Issuer demonstrates to the satisfaction of the Competent Authority is material; and

(C) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

A **Capital Event** is deemed to have occurred if there is a change in the regulatory classification of the Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, from Additional Tier 1 Capital of the UniCredit Group or the Issuer and both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; and

Tax Deductibility Event means the part of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for Italian tax purposes is reduced, as a result of any change in, or amendment to the laws, regulations or

rulings or applicable accounting standards of the Republic of Italy, or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings or applicable accounting standards:

(A) which change or amendment:

(i) becomes effective on or after the Issue Date;

(iii) was not reasonably foreseeable by the Issuer as at the Issue Date;

(iv) is evidenced by the delivery by the Issuer to the Fiscal Agent of a certificate signed by two Authorised Signatories of the Issuer stating that interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, deductible for Italian income tax purposes or such deductibility is materially reduced and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail;

(B) which the Issuer demonstrates to the satisfaction of the Competent Authority is material; and

(C) which obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Purchases: The Issuer or any of its Subsidiaries may at any time (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations (including for the avoidance of doubt, the Relevant Regulations), provided that all unmatured Coupons and unexchanged Talons appertaining to the Notes are purchased therewith. Such Notes may, subject to the approval of the Competent Authority, be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

The Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Competent Authority shall be obtained where required; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (i) 10% of the aggregate Initial Principal Amount of the Notes and any further Notes issued under Condition 15 (*Further Issues*) and (ii) 3% of the Additional Tier 1 Capital of the Issuer from time to time outstanding or such other amount permitted to be purchased for market-making purposes under the Relevant Regulations.

Conditions to Redemption and Purchase: The Notes may only be redeemed, purchased, cancelled or modified pursuant to the Conditions with the Competent Authority's prior written approval (if so required by the Relevant Regulations).

Events of Default: None

Negative Pledge: None

Cross Default:	None
Meetings of Noteholders and Modifications:	The Agency Agreement contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Issuer may also, subject to the provisions of Condition 14 (*Meetings of Noteholders; Modification*), make any modification to the Notes that in its sole opinion is not prejudicial to the interests of the Noteholders (provided the proposed modification does not relate to a matter in respect of which an Extraordinary Resolution would be required if a meeting of Noteholders were held to consider such modification) without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.
Further Issues:	The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so as to form a single series with the Notes.
Taxation and Additional Amounts:	Subject to certain conditions, all payments in respect of the Notes will be made free and clear of withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature, imposed or levied by or on behalf of any Tax Jurisdiction (subject to certain customary exceptions), unless such withholding or deduction is required by law. In that event, the Issuer will pay (subject as provided in Condition 9 (*Taxation*)) such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.
Rating:	The Notes are expected to be rated "BB-" by Fitch. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. See "*Risk Factors – Credit ratings may not reflect all risks*" at page 40.**
Listing and admission to trading:	Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange with effect from the Issue Date.
Clearing:	Euroclear and Clearstream, Luxembourg
ISIN:	XS1046224884
Common Code:	104622488
Use of Proceeds:	The net proceeds from the issuance of the Notes will used by the Issuer for general corporate purposes and to improve the regulatory capital structure of

	the UniCredit Group.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Italy, Switzerland, Canada, Japan, Hong Kong, Singapore and the PRC, see *"Subscription and Sale"* below. The Notes have not been registered under the Securities Act and are subject to restrictions on transfer as described under "*Subscription and Sale*"
Governing Law:	The Notes and any non-contractual obligations arising out of them will be governed by English law, except that the subordination provisions thereof and any non-contractual obligations arising out of them will be governed by the laws of the Republic of Italy.
Intended Regulatory Capital Treatment:	It is the intention of the Issuer that the Notes shall be treated for regulatory purposes as Additional Tier 1 Capital under CRD IV both at the level of the Issuer and the level of the UniCredit Group.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes. In addition, there are certain factors that are material for the purpose of assessing the market risks associated with the Notes. These are set out under "*Risk Factors*."
Non-Viability risk factor:	*Notes may be subject to a write-down or conversion into common shares at the point of non-viability should the Competent Authority or other authority or authorities having oversight of the Issuer at the relevant time be given the power to do so, whether as a result of the implementation of proposed EU Bank Recovery and Resolution Directive or otherwise.*

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated by reference into, and form part of, this Prospectus:

(a) the audited consolidated annual financial statements as at and for each of the financial years ended 31 December 2012 and 2011, to the extent specified in the cross-reference list below;

(b) the unaudited consolidated interim financial information as at and for the six months ended 30 June 2013 and 2012, to the extent specified in the cross-reference list below;

(c) the unaudited consolidated interim financial information as at and for the nine months ended 30 September 2013 and 2012, to the extent specified in the cross-reference list below;

(d) the €60,000,000,000 Euro Medium Term Note Programme prospectus dated 5 July 2013 (the **Base Prospectus**) to the extent specified in the cross-reference list below;

(e) the Supplements to the Base Prospectus dated 16 July 2013 (the **July 2013 Supplement**), 13 August 2013 (the **August 2013 Supplement**) and 20 March 2014 (the **March 2014 Supplement**, and together with the July 2013 Supplement and the August 2013 Supplement, the **EMTN Supplements**); and

(f) the press release dated 11 March 2014 (the **Press Release 11 March 2014**),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of documents incorporated by reference into this Prospectus can be obtained free of charge from the registered office of the Issuer and from the specified office of the Paying Agent in each case at the address given at the end of this Prospectus. This Prospectus and the documents incorporated by reference are available on website of the Luxembourg Stock Exchange website (*www.bourse.lu*).

To the extent that any document incorporated by reference itself incorporates documents by reference, such documents shall not be deemed incorporated by reference herein.

The information incorporated by reference that is not included in the cross-reference list below, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended.

CROSS REFERENCE LIST FOR DOCUMENTS INCORPORATED BY REFERENCE

Document	Information incorporated	Page numbers
Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2012	Consolidated Balance Sheet	84-85
	Consolidated Income Statement	86
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Document	Information incorporated	Page numbers
	Comprehensive Income	
	Statement of Changes in Shareholders' Equity	88-89
	Consolidated Cash Flow Statement	90-92
	Notes to the Consolidated Accounts	93-419
	Report of External Auditors	425-427
Audited Consolidated Annual Financial Statements as at and for the Financial Year Ended 31 December 2011	Consolidated Balance Sheet	130-131
	Consolidated Income Statement	132
	Consolidated Statement of Comprehensive Income	133
	Statement of Changes in Shareholders' Equity	134-135
	Consolidated Cash Flow Statement	136-137
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	Report of External Auditors	531-533
Unaudited Consolidated Interim Financial Information as at and for the Six Months Ended 30 June 2013	Consolidated Balance Sheet	48-49
	Consolidated Income Statement	50-51
	Statement of Changes in Shareholders' Equity	52-53
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	Explanatory Notes	57-241
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Unaudited Consolidated Interim Financial Information as at and for the Six Months Ended 30 June 2012	Consolidated Balance Sheet	54-55
	Consolidated Income Statement	56-57
	Statement of Changes in Shareholders' Equity	58-59
	Cash Flow Statement	60-61
	Explanatory Notes	63-238
	Auditors' review report	245-247

Document	Information incorporated	Page numbers
Unaudited Consolidated Interim Financial Information as at and for the Nine Months Ended 30 September 2013	Consolidated Balance Sheet	16
	Consolidated Income Statement	17
Unaudited Consolidated Interim Financial Information as at and for the Nine Months Ended 30 September 2012	Consolidated Balance Sheet	16
	Consolidated Income Statement	17
Base Prospectus	Description of UniCredit and the UniCredit Group	220-264
July 2013 Supplement	Entire document	
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TERMS AND CONDITIONS OF THE NOTES

1. INTRODUCTION

The US$1,250,000,000 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes) are issued by UniCredit S.p.A. (the **Issuer**) subject to and with the benefit of an Agency Agreement dated 3 April 2014 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between Citibank, N.A., London Branch as fiscal agent and principal paying agent (the **Fiscal Agent**) and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the **Paying Agents**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the interest coupons and the talons (**Talons**) for further interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons**, which expressions shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons, respectively) at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agents shall include any successor appointed under the Agency Agreement.

2. INTERPRETATION

2.1 Definitions

In these Conditions the following expressions have the following meanings:

5-year Mid-Swap Rate means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period:

(i) the annual mid-swap rate with a term of five years which appears on the Screen Page as of 11:00 a.m. (New York City time) on such Reset Rate of Interest Determination Date; or

(ii) if the 5-year Mid-Swap Rate does not appear on the Screen Page at such time on such Reset Rate of Interest Determination Date, the Reset Reference Bank Rate on such Reset Rate of Interest Determination Date;

5-year Mid-Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating U.S. dollar interest rate swap which:

(i) has a term of five years commencing on the relevant Reset Date;

(ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and

(iii) has a floating leg based on 3-month U.S. dollar LIBOR rate (calculated on an Actual/360 day count basis);

10-year Mid-Swap Rate means the mid rate for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating U.S. dollar interest rate swap which has a term of ten years, appearing on

Bloomberg screen "GDCO 24558 1" (or such replacement page on that service which displays the information) at the pricing date and time as agreed by the Managers in accordance with the Issuer;

12-year Mid-Swap Rate means the mid rate for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating U.S. dollar interest rate swap which has a term of twelve years, appearing on Bloomberg screen "GDCO 24558 1" (or such replacement page on that service which displays the information) at the pricing date and time as agreed by the Managers in accordance with the Issuer;

Actual/360 means the actual number of days in the relevant period divided by 360;

Additional Amount Event means the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or rulings of any Tax Jurisdiction or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings:

(A) which change or amendment:

(i) becomes effective on or after the Issue Date;

(ii) was not reasonably foreseeable by the Issuer as at the Issue Date;

(iii) is evidenced by the delivery by the Issuer to the Fiscal Agent of a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer has or will become obliged to pay such additional amounts and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail;

(B) which the Issuer demonstrates to the satisfaction of the Competent Authority is material; and

(C) which obligation cannot be avoided by the Issuer taking reasonable measures available to it;

Additional Tier 1 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Authorised Signatory has the meaning given to such term in the Agency Agreement and Authorised Signatories shall be construed accordingly;

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

Capital Event is deemed to have occurred if there is a change in the regulatory classification of the Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Relevant Regulations, in part, from Additional Tier 1 Capital of the UniCredit Group or the Issuer and both of the following conditions are met: (i) the Competent Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;

Common Equity Tier 1 Capital, at any time, has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Common Equity Tier 1 Capital Ratio means, at any time, the ratio of the Common Equity Tier 1 Capital of the Issuer or the UniCredit Group, as the case may be, divided by the Risk Weighted Assets of the Issuer or

the UniCredit Group (as applicable) at such time, calculated by the Issuer in accordance with the Relevant Regulations;

Competent Authority means the Bank of Italy, any successor entity of, or replacement entity to, the Bank of Italy (including the European Central Bank), or any other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

Consolidated Net Income means the consolidated net income (excluding minority interests) of the UniCredit Group, as calculated and set out in the most recent published audited annual consolidated accounts of the UniCredit Group, as approved by the Issuer;

Contingency Event has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Coupon has the meaning given to such term in Condition 1 (*Introduction*);

Couponholders has the meaning given to such term in Condition 1 (*Introduction*);

Coupon Sheet means, in relation to a Note, the coupon sheet relating to that Note;

CRD IV means, taken together (i) the CRD IV Directive, (ii) the CRD IV Regulation, and (iii) the Future Capital Instruments Regulations;

CRD IV Directive means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended or replaced from time to time;

CRD IV Regulation means Regulation (EU) No. 2013/575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended or replaced from time to time;

Day Count Fraction means the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

Distributable Items means, subject as otherwise defined in the Relevant Regulations from time to time:

(a) an amount equal to the Issuer's profits at the end of the financial year immediately preceding the financial year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of Own Funds instruments; less

(b) an amount equal to any losses brought forward, profits which are non-distributable pursuant to applicable Italian law or the by-laws of the Issuer and sums placed to non-distributable reserves in accordance with applicable Italian law or the by-laws of the Issuer,

those profits, losses and reserves being determined on the basis of the Issuer's non-consolidated accounts;

Equal Loss Absorbing Instrument means:

(a) in respect of an Issuer Contingency Event, at any time, any instrument issued directly or indirectly by the Issuer which contains provisions relating to a write-down or conversion into Ordinary Shares of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in

the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer; and

(b) in respect of a Group Contingency Event, at any time, any instrument issued directly or indirectly by the Issuer or any member of the UniCredit Group (a **Group Entity**) which contains other provisions relating to a write-down or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the UniCredit Group falling below a level that is equal to 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the UniCredit Group,

and, in each case, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

Extraordinary Resolution has the meaning given to such term in the Agency Agreement;

First Call Date means 3 June 2024;

Future Capital Instruments Regulations means any regulatory capital rules or regulations introduced after the Issue Date by the Competent Authority or which are otherwise applicable to the Issuer (on a solo or consolidated basis), which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the Own Funds of the Issuer (on a consolidated basis) to the extent required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;

Group means the Issuer and each entity within the prudential consolidation of the Issuer pursuant to Chapter 2 of Title II of Part One of CRD IV Regulation;

Group Contingency Event has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Initial Period means the period from (and including) the Issue Date to (but excluding) the First Call Date;

Initial Principal Amount means, in respect of a Note, or as the case may be, a Written-Down Additional Tier 1 Instrument, the principal amount of such Note or Written-Down Additional Tier 1 Instrument, as at the Issue Date or the issue date of the Written-Down Additional Tier 1 Instrument, as applicable;

Initial Rate of Interest has the meaning given to such term in Condition 5.3 (*Interest to (but excluding) the First Call Date*);

Interest Amount means the amount of interest payable on each Note for any Interest Period and **Interest Amounts** means, at any time, the aggregate of all Interest Amounts payable at such time;

Interest Payment Date means 3 June and 3 December in each year from (and including) 3 June 2014. There will be a short first coupon for the period from and including the Issue Date to but excluding 3 June 2014;

Interest Period means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date;

Interpolated Mid-Swap Rate means the rate, expressed as a percentage and rounded to the nearest 0.001%, calculated by means of linear interpolation of the 10 Year Mid-Swap Rate and the 12 Year Mid-Swap Rate to 3 June 2024 by (a) subtracting the 10 Year Mid-Swap Rate from the 12 Year Mid-Swap Rate and multiplying the result of such subtraction by the Weight (and rounding the result of such multiplication to the nearest 0.001%), and (b) adding the 10 Year Mid-Swap Rate to the (rounded) final result of (a);

Issue Date means 3 April 2014;

Issuer Contingency Event has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Loss Absorption Effective Date means the date that will be specified as such in any Loss Absorption Event Notice;

Loss Absorption Event Notice has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Margin means 5.18%, being equal to the difference between the yield of the Notes and the Interpolated Mid Swap Rate;

Maximum Distributable Amount means any maximum distributable amount relating to the Issuer and/or the UniCredit Group required to be calculated in accordance with the CRD IV Directive (or, if different, any provision of Italian law implementing the CRD IV Directive);

Maximum Write-Up Amount has the meaning given to it in Condition 6.3 (*Reinstatement of principal amount*);

Net Income means the non-consolidated net income (excluding minority interests) of the Issuer as calculated and set out in the last audited annual accounts of the Issuer, as approved by the Issuer;

Noteholders has the meaning given to such term in Condition 1 (*Introduction*);

Optional Redemption Date (Call) means each of the First Call Date and any Interest Payment Date thereafter;

Ordinary Shares means the ordinary shares of the Issuer;

Own Funds has the meaning given to such term (or any equivalent or successor term) in the Relevant Regulations;

Payment Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation (and, in the case of payment by transfer to a U.S. dollar account in London, a day which is a Business Day) and New York;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Prevailing Principal Amount in respect of a Note on any date, means the Initial Principal Amount of such Note as reduced from time to time (on one or more occasions) pursuant to a Write-Down and/or reinstated from time to time (on one or more occasions) pursuant to a Write-Up in each case on or prior to such date;

Prior Loss Absorbing Instrument means;

(a) in respect of an Issuer Contingency Event, at any time, any instrument issued directly or indirectly by the Issuer which contains provisions relating to a write-down or conversion into Ordinary Shares of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of the Issuer falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer; and

(b) in respect of a Group Contingency Event, at any time: (i) any instrument issued directly or indirectly by the Issuer or any Group Entity which contains provisions relating to a write-down or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity

Tier 1 Capital Ratio of the UniCredit Group falling below a level that is higher than 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the UniCredit Group; and (ii) any instrument issued directly or indirectly by any Group Entity which contains provisions relating to a write-down or conversion of the principal amount of such instrument on the occurrence, or as a result, of the Common Equity Tier 1 Capital Ratio of that Group Entity, or of a group within the prudential consolidation of such Group Entity pursuant to Chapter 2 of Title II of Part One of the CRD IV Regulation other than the UniCredit Group (a **Sub-Group**), falling below the level specified in such instrument at the date on which the relevant Group Contingency Event first occurred,

and, in each case, in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

Rate of Interest means:

(a) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or

(b) in the case of each Interest Period thereafter, the Reset Rate of Interest in respect of the Reset Interest Period,

all as determined by the Fiscal Agent in accordance with Condition 5 (*Interest and Interest Cancellation*);

Relevant Date has the meaning given to such term in Condition 9 (*Taxation*);

Relevant Regulations means any requirements contained in the regulations, rules, guidelines and policies of the Competent Authority, or of the European Parliament and Council then in effect in the Republic of Italy, relating to capital adequacy and applicable to the Issuer from time to time (and, for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD IV);

Reset Date means the First Call Date and every date which falls five, or a multiple of five, years after the First Call Date;

Reset Interest Amount has the meaning given to such term in Condition 5.5 (*Determination of Reset Rate of Interest in relation to a Reset Interest Period*);

Reset Interest Period means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date;

Reset Rate of Interest means, in relation to a Reset Interest Period, the sum of: (a) the 5-year Mid-Swap Rate in relation to that Reset Interest Period; and (b) the Margin;

Reset Rate of Interest Determination Date means, in relation to a Reset Interest Period, the day falling two U.S. Government Securities Business Days prior to the Reset Date on which such Reset Interest Period commences;

Reset Reference Bank Rate means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at approximately 11:00 a.m. (New York City time) on such Reset Rate of Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the

Reset Reference Bank Rate for the relevant Reset Interest Period will be (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Interest Period or (ii) in the case of the Reset Interest Period commencing on the First Call Date, will be 8.00% per annum;

Reset Reference Banks means six leading swap dealers in the interbank market selected by the Fiscal Agent (excluding any Paying Agent or any of its affiliates) in its discretion after consultation with the Issuer;

Risk Weighted Assets means, at any time, the aggregate amount of the risk weighted assets of the Issuer or the UniCredit Group, as the case may be, at such time calculated by the Issuer in accordance with the Relevant Regulations;

Screen Page means Reuters screen "ISDAFIX1" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

Special Event means a Capital Event, a Tax Deductibility Event, and/or an Additional Amount Event, as applicable;

Specified Office has the meaning given to such term in the Agency Agreement;

Subsidiary means any person or entity which is required to be consolidated with the Issuer for financial reporting purposes under applicable Italian banking laws and regulations;

Talon has the meaning given to such term in Condition 1 (*Introduction*);

Tax Deductibility Event means the part of the interest payable by the Issuer under the Notes that is tax-deductible by the Issuer for Italian tax purposes is reduced as a result of any change in, or amendment to the laws, regulations or rulings or applicable accounting standards of the Republic of Italy, or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws, regulations or rulings or applicable accounting standards:

(A) which change or amendment:

(i) becomes effective on or after the Issue Date;

(ii) was not reasonably foreseeable by the Issuer as at the Issue Date;

(iii) is evidenced by the delivery by the Issuer to the Fiscal Agent of a certificate signed by two Authorised Signatories of the Issuer stating that interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, deductible for Italian income tax purposes or such deductibility is materially reduced and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail;

(B) which the Issuer demonstrates to the satisfaction of the Competent Authority is material; and

(C) which obligation cannot be avoided by the Issuer taking reasonable measures available to it;

Tax Event means a Tax Deductibility Event and/or an Additional Amount Event, as the case may be;

Tax Jurisdiction has the meaning given to such term in Condition 9 (*Taxation*);

Tier 1 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

Tier 2 Capital has the meaning given to such term (or any other equivalent or successor term) in the Relevant Regulations;

U.S. Government Securities Business Day means any day except for a Saturday, Sunday or a day on which the U.S. Securities Industry and Financial Markets Association (or any successor thereof) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

Weight means the amount, expressed as a fraction, calculated by dividing the actual number of days from (and including) the date falling exactly 10 years after the Issue Date to (but excluding) 3 June 2024 by 730;

Write-Down has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Write-Down Amount has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Write-Down Effective Date has the meaning given to such term in Condition 6.1 (*Loss absorption*);

Write-Up has the meaning given to such term in Conditions 6.3 (*Reinstatement of principal amount*);

Write-Up Notice has the meaning given to such term in Conditions 6.3 (*Reinstatement of principal amount*); and

Written-Down Additional Tier 1 Instrument means an instrument (other than the Notes) issued directly or indirectly by the Issuer or, as applicable, any member of the UniCredit Group, and qualifying as Additional Tier 1 Capital of the Issuer or, as applicable, the UniCredit Group that, as at the time immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to a write-down.

2.2 Interpretation

In these Conditions:

(a) Notes and Noteholders shall respectively be deemed to include references to Coupons and Couponholders, if relevant;

(b) any reference to principal shall be deemed to include the Prevailing Principal Amount, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;

(c) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(d) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement; and

(e) any reference to a numbered "Condition" shall be to the relevant Condition in these Conditions.

3. FORM, DENOMINATION AND TITLE

3.1 Form and denomination

The Notes are in bearer form, serially numbered, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof up to (and including) US$399,000, each with Coupons and, if necessary, a Talon attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.

3.2 Title

Title to Notes and Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder.

4. STATUS OF THE NOTES

The Notes will constitute direct, unsecured and subordinated obligations of the Issuer ranking:

(i) subordinated and junior to all indebtedness of the Issuer, including unsubordinated indebtedness of the Issuer, the Issuer's obligations in respect of any dated subordinated instruments and any instruments issued as Tier 2 Capital of the Issuer or guarantee in respect of any such instruments (other than any instrument or contractual right ranking, or expressed to rank, *pari passu* with the Notes);

(ii) *pari passu* among themselves and with the Issuer's obligations in respect of any Additional Tier 1 Capital or any other instruments or obligations which rank or are expressed to rank *pari passu* with the Notes or, in each case, any guarantee in respect of such instruments; and

(iii) senior to:

(A) the share capital of the Issuer, including its *azioni privilegiate*, ordinary shares and *azioni di risparmio*;

(B) (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and (ii) any securities issued by a Subsidiary which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (B) (i)) or guarantee or similar instrument (in the case of (B)(ii)) rank or are expressed to rank *pari passu* with the claims described under (A) and (B) above and/or otherwise junior to the Notes.

5. INTEREST AND INTEREST CANCELLATION

5.1 Rate of Interest

The Notes bear interest on their outstanding Prevailing Principal Amount at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable semi-annually in arrear on each Interest Payment Date commencing on 3 June 2014, subject in any case as provided in Condition 5.10 (*Cancellation of Interest Amounts*) and Condition 8 (*Payments and Exchange of Talons*). The first payment of interest (for the period from and including the Issue Date to but excluding 3 June 2014, and amounting to US$13.33 per US$1,000 in principal amount of the Notes) shall be made on 3 June 2014.

5.2 Accrual of Interest

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Prevailing Principal Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition until whichever is the earlier of:

(a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

(b) the day on which the Fiscal Agent has notified the Noteholders in accordance with Condition 16 (*Notices*) that it has received all sums due in respect of the Notes up to such day.

5.3 Interest to (but excluding) the First Call Date

The Rate of Interest for each Interest Period falling in the Initial Period will be 8.00% per annum (the **Initial Rate of Interest**), being the rate that represents, on a semi-annual coupon basis, a yield equal to the sum of the Interpolated Mid-Swap Rate plus the Margin.

5.4 Interest from (and including) the First Call Date

The Rate of Interest for each Interest Period from (and including) the First Call Date will be the relevant Reset Rate of Interest in respect of the Reset Interest Period in which such Interest Period falls.

5.5 Determination of Reset Rate of Interest in relation to a Reset Interest Period

The Fiscal Agent will, as soon as reasonably practicable after 11:00 a.m. (New York City time) on each Reset Rate of Interest Determination Date in relation to a Reset Interest Period, determine the Reset Rate of Interest for such Reset Interest Period.

5.6 Publication of Reset Rate of Interest

With respect to each Reset Interest Period, the Fiscal Agent will cause the relevant Reset Rate of Interest to be notified to the Issuer, the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and to be published in accordance with Condition 16 (*Notices*) as soon as reasonably practicable after such determination but in any event not later than the relevant Reset Date.

5.7 Calculation of Interest Amount

The amount of interest payable in respect of a Note for any period shall be calculated by the Fiscal Agent by:

(a) applying the applicable Rate of Interest to the Prevailing Principal Amount of such Note;

(b) multiplying the product thereof by the Day Count Fraction; and

(c) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5.8 Calculation of Interest Amount in case of Write-Down

Subject to Condition 5.10 (*Cancellation of Interest Amounts*), in the event that a Write-Down occurs during an Interest Period, any accrued and unpaid interest shall be cancelled pursuant to Condition 6.1(c) and the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated in accordance with Condition 5.7 (*Calculation of Interest Amount*), provided that the Day Count Fraction shall be determined as if the Interest Period started on, and included, the Write-Down Effective Date.

5.9 Calculation of Interest Amount in case of Write-Up

Subject to Condition 5.10 (*Cancellation of Interest Amounts*), in the event that a Write-Up occurs during an Interest Period, the Interest Amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated as the sum (rounding the resulting figure to the nearest cent, with half a cent being rounded upwards) of the following:

(a) the product of the applicable Rate of Interest, the Prevailing Principal Amount before such Write-Up, and the Day Count Fraction (determined as if the Interest Period ended on, but excluded, the date of such Write-Up); and

(b) the product of the applicable Rate of Interest, the Prevailing Principal Amount after such Write-Up, and the Day Count Fraction (determined as if the Interest Period started on, and included, the date of such Write-Up).

5.10 Cancellation of Interest Amounts

The Issuer may elect at its full discretion to cancel (in whole or in part) the Interest Amounts otherwise scheduled to be paid on an Interest Payment Date. Further, payment of Interest Amounts on any Interest Payment Date must be cancelled (in whole or, as the case may be, in part) if and to the extent that such Interest Amounts:

(a) when aggregated together with distributions on all other Own Funds instruments of the Issuer (excluding Tier 2 Capital instruments) paid or scheduled for payment in the then current financial year exceed the amount of Distributable Items, excluding any payments already accounted for in determining the Distributable Items; and

(b) when aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provisions of Italian law implementing Article 141(2) of the CRD IV Directive), would, if paid, cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the UniCredit Group to be exceeded.

If a Contingency Event occurs, as set out in Condition 6.1 (*Loss absorption*), accrued and unpaid interest to (but excluding) the Write-Down Effective Date shall be cancelled.

Notice of any cancellation of payment of a scheduled Interest Amount must be given to the Noteholders (in accordance with Condition 16 (*Notices*)) and the Fiscal Agent as soon as possible, but not more than 60 calendar days, prior to the relevant Interest Payment Date. For the avoidance of doubt (i) the cancellation of any Interest Amounts in accordance with this Condition 5.10 or Condition 6.1 (*Loss absorption*) shall not constitute a default for any purpose on the part of the Issuer and (ii) interest on the Notes is not cumulative and any Interest Amounts that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of and such amounts shall be fully and irrevocably forfeited and no payments shall be made nor shall any Noteholder be entitled to any payment or indemnity in respect thereof.

5.11 No restriction following cancellation of Interest Amounts

In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, it will not give rise to any restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Notes.

6. LOSS ABSORPTION AND REINSTATEMENT OF PRINCIPAL AMOUNT

6.1 Loss absorption

If the Common Equity Tier 1 Ratio of the Issuer falls below 5.125% (an **Issuer Contingency Event**) or the Common Equity Tier 1 Ratio of the UniCredit Group falls below 5.125% (a **Group Contingency Event**) or, in each case, the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 Capital instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group (each, a **Contingency Event**), the Issuer shall:

(a) immediately notify the Competent Authority of the occurrence of the relevant Contingency Event;

(b) as soon as reasonably practicable deliver a Loss Absorption Event Notice to Noteholders (in accordance with Condition 16 (*Notices*)), the Fiscal Agent and the Paying Agents;

(c) cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and

(d) without delay, and in any event within one month from the determination that the relevant Contingency Event has occurred, reduce the then Prevailing Principal Amount of each Note by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly), *pro rata* with the other Notes and taking into account the at least *pro rata* write-down or conversion into Ordinary Shares of any other Equal Loss Absorbing Instruments (and taking into account the write-down or conversion of any Prior Loss Absorbing Instruments).

A Write-Down may occur on more than one occasion and the Notes may be Written Down on more than one occasion.

Loss Absorption Event Notice means a notice which specifies that a Contingency Event has occurred, the Write-Down Amount (as a percentage of the Initial Principal Amount resulting in a *pro rata* decrease in the Prevailing Principal Amount of each Note), including the method of calculation of the Write-Down Amount, and the date on which the Write-Down will take effect (the **Write-Down Effective Date**). Any Loss Absorption Event Notice delivered to the Fiscal Agent must be accompanied by a certificate signed by the Authorised Signatories stating that the Contingency Event has occurred and setting out the method of calculation of the relevant Write-Down Amount.

Write-Down Amount means the amount by which the then Prevailing Principal Amount of each outstanding Note is to be Written Down on a *pro rata* basis pursuant to a Write-Down, being:

(i) the amount that (together with (a) the prior write down or conversion of any Prior Loss Absorbing Instruments and (b) the Write-Down of the other Notes and the write-down or conversion of any Equal Loss Absorbing Instruments) would be sufficient to cure the Contingency Event; or

(ii) if that Write-Down (together with (a) the prior write down or conversion of any Prior Loss Absorbing Instruments and (b) the Write-Down of the other Notes and the write-down or conversion of any Equal Loss Absorbing Instruments) would be insufficient to cure the Contingency Event, or the Contingency Event is not capable of being cured, the amount necessary to reduce the Prevailing Principal Amount to one cent.

6.2 Consequences of loss absorption

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Notes, the Issuer shall procure that:

(a) a similar notice is, or has been, given in respect of each Prior Loss Absorbing Instrument and each Equal Loss Absorbing Instrument (in each case, in accordance with, and to the extent required by, its terms); and

(b) the prevailing principal amount of each Prior Loss Absorbing Instrument and Equal Loss Absorbing Instrument outstanding (other than the Notes) (if any) is written down or converted, as appropriate, in accordance with its terms prior to or, as appropriate, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

6.3 Reinstatement of principal amount

If the Issuer records a positive Net Income or, to the extent permitted by the then prevailing Relevant Regulations, positive Consolidated Net Income at any time while the Prevailing Principal Amount of the Notes is less than their Initial Principal Amount, the Issuer may, at its full discretion and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the UniCredit Group, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of Italian law implementing Article 141(2) of the CRD IV Directive, as amended or replaced)) not being exceeded thereby, increase the Prevailing Principal Amount of each Note (a **Write-Up**) up to a maximum of the Initial Principal Amount, on a *pro rata* basis with the other Notes and with any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a basis similar to that set out in this Condition 6.3 in the circumstances existing on the date of the relevant Write-Up (based on their Initial Principal Amounts), provided that the sum of:

(i) the aggregate amount of the relevant Write-Up on all the Notes;

(ii) the aggregate amount of any interest payments on the Notes that were paid on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount at any time after the end of the previous financial year,

(iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up; and

(iv) the aggregate amount of any interest payments on each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the end of the previous financial year,

does not exceed the Maximum Write-Up Amount.

The **Maximum Write-Up Amount** means:

(a) if Consolidated Net Income is permitted to be used for the relevant Write-Up under then prevailing Relevant Regulations, the Consolidated Net Income multiplied by the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the UniCredit Group, and divided by the total Tier 1 Capital of the UniCredit Group as at the date of the relevant Write-Up; or

(b) otherwise, the Net Income multiplied by the sum of the aggregate Initial Principal Amount of the Notes and the aggregate initial principal amount of all Written-Down Additional Tier 1 Instruments of the Issuer, and divided by the total Tier 1 Capital of the Issuer as at the date of the relevant Write-Up,

or any higher amount permissible pursuant to the Relevant Regulations on the date of the relevant Write-Up.

The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer that have terms permitting a principal write-up to occur on a similar basis to that set out in this Condition 6.3 unless it does so on a *pro rata* basis with a Write-Up on the Notes.

A Write-Up may be made on one or more occasions in accordance with this Condition 6.3 until the Prevailing Principal Amount of the Notes has been reinstated to the Initial Principal Amount.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to this Condition 6.3 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 6.3.

If the Issuer decides to Write-Up the Notes pursuant to this Condition 6.3, it shall deliver a notice (a **Write-Up Notice**) specifying the amount of any Write-Up (as a percentage of the Initial Principal Amount of a Note resulting in a *pro rata* increase in the Prevailing Principal Amount of each Note) and the date on which such Write-Up shall take effect shall be given to Noteholders in accordance with Condition 16 (*Notices*) and to the Fiscal Agent. Such Write-Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write-Up becomes effective.

7. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 7.

7.1 No fixed redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will mature on the date on which voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) proceedings are instituted in respect of the Issuer, in accordance with (a) a resolution of the shareholders' meeting of the Issuer, (b) any provision of the by-laws of the Issuer (currently, the maturity of the Issuer is set in its by-laws at 31 December 2100), or (c) any applicable legal provision, or any decision of any jurisdictional or administrative authority. Upon maturity, the Notes will become due and payable at an amount equal to their Prevailing Principal Amount, together with any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.2 General redemption option

The Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)), subject to having given no less than 30 nor more than 45 calendar days' notice to the Noteholders (in accordance with Condition 16 (*Notices*)) and the Fiscal Agent, redeem the Notes in whole, but not in part, on any Optional Redemption Date (Call) at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.3 Redemption upon the occurrence of a Capital Event

Upon the occurrence of a Capital Event, the Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)) at any time, subject to having given no less than 30 nor more than 45 calendar days' notice to the Noteholders (in accordance with Condition 16 (*Notices*)) and the Fiscal Agent, redeem the Notes in whole but not in part at their Prevailing Principal Amount, plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.4 Redemption upon the occurrence of a Tax Deductibility Event

Upon the occurrence of a Tax Deductibility Event, the Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)) at any time, subject to having given no less than 30 nor more than 45 calendar days' notice to Noteholders (in accordance with Condition 16

(*Notices*)) and the Fiscal Agent, redeem the Notes in whole but not in part at their Prevailing Principal Amount plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.5 Redemption upon the occurrence of an Additional Amount Event

Upon the occurrence of an Additional Amount Event, the Issuer may, at its sole discretion (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)) at any time, subject to having given no less than 30 nor more than 45 calendar days' notice to the Noteholders (in accordance with Condition 16 (*Notices*)) and the Fiscal Agent, redeem the Notes in whole but not in part at their Prevailing Principal Amount plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*).

7.6 Purchase

(a) The Issuer or any of its Subsidiaries may at any time (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)) purchase Notes in the open market or otherwise and at any price in accordance with applicable laws and regulations (including for the avoidance of doubt, the Relevant Regulations), provided that all unmatured Coupons and unexchanged Talons appertaining to the Notes are purchased therewith. Such Notes may, subject to the approval of the Competent Authority, be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

(b) Notwithstanding the above, the Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Competent Authority shall be obtained where required; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (i) 10% of the aggregate Initial Principal Amount of the Notes and any further Notes issued under Condition 15 (*Further Issues*) and (ii) 3% of the Additional Tier 1 Capital of the Issuer from time to time outstanding or such other amount permitted to be purchased for market-making purposes under the Relevant Regulations.

7.7 Cancellation

All Notes which are redeemed will forthwith (but subject to the provisions of Condition 7.8 (*Conditions to redemption and purchase*)) be cancelled (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith at the time of redemption). All Notes so redeemed and cancelled pursuant to this Condition, and the Notes purchased and cancelled pursuant to Condition 7.6 (*Purchase*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

7.8 Conditions to redemption and purchase

The Notes may only be redeemed, purchased, cancelled or modified (as applicable) pursuant to Condition 7.2 (*General redemption option*), Condition 7.3 (*Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption upon the occurrence of a Tax Deductibility Event*), Condition 7.5 (*Redemption upon the occurrence of an Additional Amount Event*), 7.6 (*Purchase*), 7.7 (*Cancellation*) or paragraph (b) of Condition 14.2 (*Modification of Notes*), as the case may be, with the prior written approval of the Competent Authority (if so required by the Relevant Regulations).

If the Issuer has elected to redeem the Notes pursuant to Condition 7.2 (*General redemption option*), 7.3 (*Redemption upon the occurrence of a Capital Event*), 7.4 (*Redemption upon the occurrence of a Tax Deductibility Event*) or 7.5 (*Redemption upon the occurrence of an Additional Amount Event*), and prior to the relevant redemption date a Contingency Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, the Prevailing Principal Amount of the Notes will not be due and payable and a Write-Down shall occur as described under Condition 6 (*Loss Absorption and Reinstatement of Principal Amount*).

8. PAYMENTS AND EXCHANGE OF TALONS

8.1 Payments in respect of Notes

Payments of principal and (subject to Condition 8.6 (*Payments other than in respect of matured Coupons*)) interest shall be made only against presentation and (provided that payment is made in full) surrender of the Note or Coupon, as applicable, at the Specified Office of any Paying Agent outside the United States by credit or transfer to a U.S. dollar account maintained by the payee with a bank in London.

8.2 U.S. Paying Agents

Notwithstanding the foregoing, payments will be made at the specified office in the United States of any Paying Agent and (if no such appointment is then in effect) the Issuer shall appoint and maintain a Paying Agent with a specified office in New York City at which payments will be made if (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that the Paying Agents would be able to make payment at the specified offices outside the United States of the full amount payable with respect to the Notes in the manner provided above when due, (ii) payment of the full amount due in U.S. dollars at all specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) the payment is then permitted under United States law.

8.3 Payments subject to fiscal laws

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.4 Unmatured Coupons void

On the due date for redemption in whole of any Note pursuant to Condition 7.2 (*General redemption option*), Condition 7.3 (*Redemption upon the occurrence of a Capital Event*), Condition 7.4 (*Redemption upon the occurrence of a Tax Deductibility Event*) or Condition 7.5 (*Redemption upon the occurrence of an Additional Amount Event*), all unmatured Coupons (which expression will, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

8.5 Payments on business days

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the Noteholder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

8.6 Payments other than in respect of matured Coupons

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

8.7 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in

exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription*).

8.8 Partial payments

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9. TAXATION

9.1 Gross up

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (subject to certain customary exceptions) unless such withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any note or coupon presented for payment:

(a) for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or, for the avoidance of doubt, Italian Legislative Decree no. 461 of 21 November 1997 (as amended by Italian Legislative Decree No. 201 of 16 June 1998) (as any of the same may be amended or supplemented) or any related implementing regulations; or

(b) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or

(d) more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day (assuming such day to have been a Payment Day as defined in Condition 7.7); or

(e) in the Republic of Italy; or

(f) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or

(g) in all circumstances in which the procedures set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with, except where such requirements and procedures have not been met or complied with due to the actions or omissions of UniCredit or its agents; or

(h) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings, income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or

(i) in respect of the Notes that are not qualified as bonds or similar securities where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended, supplemented and/or re-enacted from time to time; or

(j) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or

(k) where the holder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 9 (*Taxation*).

As used in these Conditions:

Relevant Date in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, ***provided that*** payment is in fact made upon such presentation; and

Tax Jurisdiction means (i) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax and (ii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it in respect of principal and interest on the Notes and Coupons, ***provided that*** no additional amounts shall be payable in respect of any Note or Coupon presented for payment where a withholding or deduction is imposed on a payment pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

If the Issuer becomes subject to any taxing jurisdiction other than the Republic of Italy references in these Conditions shall be construed as references to the Republic of Italy and/or such other jurisdiction.

10. PRESCRIPTION

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons (which for this purpose do not include the Talons) are presented for payment within five years of the appropriate Relevant Date. There may not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition 10 (*Prescription*) or Condition 8 (*Payments and Exchange of Talons*).

11. REPLACEMENT OF NOTES AND COUPONS

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. AGENTS

12.1 Obligations of Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of provisions of these Conditions by the Fiscal Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all the Noteholders of the Notes or Coupons.

No such Noteholder shall (in the absence as aforesaid) be entitled to proceed against the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under these Conditions.

12.2 Termination of Appointments

The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) and to appoint an additional or successor fiscal agent or paying agent; provided, however, that:

(a) the Issuer shall at all times maintain a Fiscal Agent;

(b) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a European city;

(c) if and for so long as the Notes are admitted to listing and/or to trading and/or quotation on any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) with a Specified Office in the place required by such listing authority, stock exchange and/or quotation system; and

(d) the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

12.3 Change of Specified Offices

The Paying Agents reserve the right at any time to change their respective Specified Offices to some other Specified Office in the same city. Notice of any change in the identities or Specified Offices of any Paying Agent shall promptly be given to the Noteholders in accordance with Condition 16 (*Notices*).

13. ENFORCEMENT EVENT

In the event of the voluntary or involuntary winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, the Notes shall become immediately due and payable.

The rights of the Noteholders and the Couponholders in the event of a winding up, dissolution, liquidation or bankruptcy of the Issuer will be calculated on the basis of the Prevailing Principal Amount of the Notes, plus any accrued interest and any additional amounts due pursuant to Condition 9 (*Taxation*). No payments will be made to the Noteholders or Couponholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders and the Couponholders as described in Condition 4 (*Status of the Notes*) have been paid by the Issuer, as ascertained by the liquidator.

14. MEETINGS OF NOTEHOLDERS; MODIFICATION

14.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer at any time or by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing such Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal (except as provided by the Conditions) or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders. Such modifications may only be made to the extent that the Issuer has obtained the prior written approval of the Competent Authority (if so required by the Relevant Regulations).

14.2 Modification of Notes

Subject to Condition 7.8, the Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Coupons or the Agency Agreement which is (a) to cure or correct any ambiguity or defective or inconsistent provision contained therein, or which is of a formal, minor or technical nature or (b) in the sole opinion of the Issuer, not prejudicial to the interests of the Noteholders and/or the Couponholders (provided the proposed modification does not relate to a matter in respect of which an Extraordinary Resolution would be required if a meeting of Noteholders were held to consider such modification) or (c) to correct a manifest error or proven error or (d) to comply with mandatory provisions of the law. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so as to form a single series with the Notes.

16. NOTICES

Notices to Noteholders will be deemed to be validly given if published in a leading English language daily newspaper having general circulation in Europe (which is expected to be the *Financial Times*) or, so long as

the Notes are listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of that exchange so permit, if published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

Any notice so given will be deemed to have been validly given on the date of the first such publication. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 16.

17. GOVERNING LAW AND JURISDICTION

17.1 Governing law

The Notes, the Coupons, the Agency Agreement and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law, except for Condition 4 (*Status of the Notes*) which will be governed by and construed in accordance with Italian law.

17.2 Submission to jurisdiction

The Issuer agrees, for the benefit of the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer construed in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

17.3 Appointment of Process Agent

The Issuer agrees that any documents required to be served on it in relation to any Proceedings (including any documents which start any Proceedings) may be served on it by being delivered to UniCredit Bank AG, London Branch at Moor House, 120 London Wall, London EC2Y 5ET or, if different, its principal office for the time being in London. In the event of UniCredit Bank AG, London Branch ceasing to act or ceasing to be registered in England, the Issuer will appoint another person for the purposes of accepting services of process on its behalf in England in respect of any Proceedings. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

18. RIGHTS OF THIRD PARTIES

No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this "Overview of Provisions relating to the Notes while in Global Form".

Temporary Global Note exchangeable for Permanent Global Note

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without Coupons, which will also be deposited on or around the Issue Date with a common depositary for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in the Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of the Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange of a part of the Temporary Global Note) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

(ii) in either case, receipt by the Fiscal Agent of confirmation from the Clearing Systems that a certificate or certificates of non-U.S. beneficial ownership have been received,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

Permanent Global Note exchangeable for Definitive Notes

Interests in the Permanent Global Note will be exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Definitive Notes, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so.

Interests in the Permanent Global Note will also become exchangeable, in whole but not in part only and at the request of the Issuer, for Definitive Notes if, by reason of any change in the laws of the Republic of Italy, the Issuer will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes are in definitive form.

Definitive Notes will bear serial numbers and have attached thereto at the time of their initial delivery Coupons. Definitive Notes will also, if necessary, have attached thereto at the time of their initial delivery Talons and the expression Coupons shall, where the context so requires, include Talons.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and, if necessary, Talons attached, in an aggregate principal amount equal to the principal amount of the

Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within thirty days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The Terms and Conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the Terms and Conditions set out under "*Terms and Conditions of the Notes*" above.

The Terms and Conditions applicable to the Notes represented by one or more Global Notes will differ from those Terms and Conditions which would apply to the Notes were they in definitive form to the extent described in this "*Overview of Provisions relating to the Notes while in Global Form*".

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the relevant Global Note. The following is a summary of certain of those provisions:

Payments: The holder of a Global Note shall be the only person entitled to receive payments in respect of the Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of the Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "Payment Business Day" set out in Condition 2.1 (*Definitions*).

Write-Down/Write-Up of the Notes: while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, any Write-Down or Write-Up of the Prevailing Principal Amount of the Notes shall be treated on a *pro rata* basis which, for the avoidance of doubt, shall be effected as a reduction or increase, as the case may be, to the pool factor.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement in Condition 16 (*Notices*) for a notice to be published in a leading English language daily newspaper having general circulation in Europe shall not apply and notices to Noteholders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Legend concerning United States persons

Global Notes, Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Clearing Systems

Any reference herein to Euroclear and/or Clearstream, Luxembourg, as the case may be, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent, the other Paying Agents and the Noteholders.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied by the Issuer for its general corporate purposes and to improve the regulatory capital structure of the UniCredit Group.

DESCRIPTION OF THE ISSUER

Please refer to the information on the Issuer and the UniCredit Group in the documents incorporated herein by reference as set out in the "*Documents Incorporated by Reference*" section.

REGULATORY CAPITAL RATIOS

As explained in more detail in Condition 6 (Loss Absorption and Reinstatement of Principal Amount) of the "Terms and Conditions of the Notes", a Contingency Event will occur and the principal amount of the Notes will be Written-Down as necessary if the Issuer notifies the Noteholders that the Common Equity Tier 1 Ratio of the Issuer or the Common Equity Tier 1 Ratio of the UniCredit Group falls below 5.125% or the then minimum trigger event ratio for loss absorption applicable to Additional Tier 1 instruments specified in the Relevant Regulations (excluding any guidelines or policies of non-mandatory application) applicable to the Issuer and/or the UniCredit Group.

The Issuer intends to publish information regarding the regulatory capital ratios of the Issuer and the UniCredit Group together with its financial statements each quarter.

The regulatory capital ratios applicable to the Issuer and the UniCredit Group are evolving. The Basel III capital standards, implemented through CRD IV (as defined under "*Terms and Conditions of the Notes*"), became applicable to the Issuer and the UniCredit Group on 1 January 2014.

Basel 2.5 Regulatory Capital Ratios of the Issuer and the UniCredit Group as at 31 December 2013

The following table sets out the Issuer's and the UniCredit Group's regulatory capital ratios as at 31 December 2013 based on Basel 2.5 standards.

	31 December 2013*
UniCredit S.p.A	
Total capital ratio	36.60%
Tier 1 ratio	27.39%
Core Tier 1 ratio**	26.59%
UniCredit Group	
Total capital ratio	13.61%
Tier 1 ratio	10.09%
Core Tier 1 ratio**	9.60%

(*) Calculation based on CRD III as implemented in Italy with Circular No. 263/2006.

(**) Core Tier 1 ratio is defined according to UniCredit's internal methodologies.

Estimated CRD IV Regulatory Capital Ratios and Capital Structure

The estimated regulatory capital ratios below are presented on a CRD IV "phased" basis and on a CRD IV "fully loaded" basis. The estimated CRD IV "phased" ratios are determined on the basis of certain CRD IV transition rules (or "phase-in" rules) that will apply over time in respect of the treatment of certain minority interests, certain deferred tax assets and interests in entities in the financial sector. The estimated CRD IV "phased" ratios will be used to determine regulatory compliance during the phase-in period (which ends in 2019). The estimated CRD IV "fully-loaded" ratios are calculated as if the CRD IV rules, which will be applicable in 2019, were fully implemented as at the date of calculation of the relevant ratio.

Estimated CRD IV Phased CET1 Ratios of the UniCredit Group

The following table sets out the estimated CRD IV phased CET1 ratios of the UniCredit Group, as well as the corresponding excess of CET1 capital above the Group Contingency Event trigger level for a Write-Down of the Prevailing Principal Amount of the Notes (which is currently equal to 5.125%) as at 1 January 2014.

	1 January 2014	
	Phased CET1 Ratio*	Distance to Write-Down Trigger**
UniCredit Group	10.35%	€20.6 billion

(*) The CRD IV phased CET1 ratio is an estimate based on the Issuer's current understanding of CRD IV rules applicable to Italian banking groups, and on the outputs of certain models not yet formally approved by the Competent Authority. These rules are new and complex, and their interpretation may turn out to be different from the Issuer's current understanding.

The phased CET1 ratio reflects the revaluation of UniCredit's stake in Bank of Italy pursuant to Italian Legislative Decree 133/2013. The IAS/IFRS accounting treatment of the revaluation is currently under discussion with competent authorities; the result of such discussions, leading to the recognition of the same gain through equity valuation reserves, may be that the CRD IV phased CET1 ratio at 1 January 2014 would decrease to 10.0%. There would be no impact on the Basel III fully loaded CET1 ratio as at such date. See also "4Q13 and Full Year 2013 Results-Valuation of the Stake in Banca d'Italia" in the Press Release 11 March 2014 incorporated by reference in this Prospectus.

(**) Distance to Write-Down trigger reflects the amount of Common Equity Tier 1 capital above the Group Contingency Event trigger level applicable to the Notes (currently 5.125%), assuming the same level of total risk exposure used in calculating the estimated phased CET1 ratio as at the relevant date.

The estimated phased CET1 ratio set forth in the foregoing table is in excess of the levels required in order to comply with the Issuer's current understanding of the capital buffer requirements, which under CRD IV are expected to apply on a phased-in basis starting in 2016 and on a full basis starting in 2019, with Member States having the ability to implement certain buffer requirements prior to this timeframe. Under Bank of Italy Circular No. 285 of 17 December 2013, the capital conservation buffer applies to Italian financial institution groups, on a consolidated level, at 2.5% from 1 January 2014. The counter-cyclical buffer and G-SIB buffer are expected to apply to Italian financial institutions from 1 January 2016.

Compliance with the capital buffer requirements is necessary in order to avoid the application of the Maximum Distributable Amount, which would affect the Issuer's ability to pay interest amounts due under the Notes, to reinstate the Prevailing Principal Amount of the Notes after a Write-Down, or to redeem or purchase any Notes.

There can be no assurance that the Issuer's and the UniCredit Group's phased CET1 ratios will exceed the required capital buffer levels in 2014 or in any subsequent year. The CET1 ratios of the Issuer and the UniCredit Group will depend on their respective levels of net income, their ability to limit their total risk exposure, and other factors, including those described under "*Risk Factors*" in this Prospectus.

Estimated CRD IV Fully Loaded CET1 Ratios of the UniCredit Group

The following table summarises the estimated CRD IV fully loaded CET1 ratio of the UniCredit Group, as well as the corresponding excess of CET1 capital above the Group Contingency Event trigger level for a Write-Down of the Prevailing Principal Amount of the Notes (which is currently equal to 5.125%) as at 1 January 2014.

	1 January 2014	
	Fully Loaded CET1 Ratio*	Distance to Write-Down Trigger**
UniCredit Group	9.36%	€17.2 billion

(*) The CRD IV fully loaded CET1 ratio is an estimate based on the Issuer's current understanding of CRD IV rules applicable to Italian banking groups, and on the outputs of certain models not yet formally approved by the Competent Authority. These rules are new and complex, and their interpretation may turn out to be different from the Issuer's current understanding.

(**) Distance to Write-Down trigger reflects the amount of Common Equity Tier 1 capital above the Group Contingency Event trigger level applicable to the Notes (currently 5.125%), assuming the same level of total risk exposure used in calculating the estimated fully loaded CET1 ratio as at the relevant date.

The above estimated ratio is based on a number of assumptions, many of which concern matters that are uncertain, including the timing and manner in which CRD IV will ultimately be implemented and the manner in which deferred tax assets and financial investments will be treated for purposes of the capital ratios, and assumptions about the stability of risk-weighted assets.

In particular, the estimated fully loaded CET1 ratio is estimated on the basis of actual data and the Issuer's current understanding of the new regulatory framework. Any of the underlying assumptions could prove incorrect and the actual ratios of the UniCredit Group may differ (and could differ significantly) from these ratios. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Changes in the Italian and European regulatory framework could adversely affect the UniCredit Group's business*," "*—Risks Relating to the Notes —The calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside the Issuer's control*" and "*—Many aspects of the manner in which CRD IV will be implemented remain uncertain*".

Target CRD IV Regulatory Capital Ratios of the UniCredit Group

The following table summarises the targets announced by the Issuer of the UniCredit Group's CRD IV phased CET1 ratios as at the dates indicated.

	31 December 2016		31 December 2018	
	Target phased CET1 ratio	Distance to Write-Down Trigger*	Target phased CET1 ratio	Distance to Write-Down Trigger*
UniCredit Group	10.4%	€23.0 billion	10.1%	€23.1 billion

(*) Distance to Write-Down trigger reflects the amount of Common Equity Tier 1 capital above the Group Contingency Event trigger level applicable to the Notes (currently 5.125%), assuming the same level of total risk exposure used in calculating the estimated phased CET1 ratio as at the relevant date.

The UniCredit Group's target CRD IV fully loaded CET1 ratios at 31 December 2016 and 2018 are 10% and 10%, respectively.

The above target ratios are based on a number of assumptions, many of which concern matters that are uncertain, including the UniCredit Group's 2016 and 2018 net income, the timing and manner in which CRD IV will ultimately be implemented, the manner in which deferred tax assets and financial investments will be treated for purposes of the capital ratios and assumptions about the stability of risk-weighted assets. In particular, the fully loaded CRD IV targets are based on the data underlying the 2013-2018 Strategic Plan and the Issuer's current understanding of the new regulatory framework. Any of these assumptions could prove incorrect and the actual ratios of the UniCredit Group may differ (and could differ significantly) from these targets. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Changes in the Italian and European regulatory framework could adversely affect the UniCredit Group's business*," "*—Risks Relating to the Notes —The calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside the Issuer's control*" and "*—Many aspects of the manner in which CRD IV will be implemented remain uncertain*".

Even if the UniCredit Group meets the target ratios as at 31 December 2016 and 31 December 2018, there can be no assurance that its actual CET1 ratios will continue to exceed the capital buffer ratios in 2019 or any subsequent year. The actual CET1 ratios in those years will depend on the level of the UniCredit

Group's net income, its ability to limit its total risk exposure, and other factors, including those described under "*Risk Factors*" in this Prospectus.

Capital Structure of the UniCredit Group

The following table summarises certain estimated capital structure ratios of the UniCredit Group as at 1 January 2014 calculated on the basis of CRD IV requirements. The calculation of these ratios depends on the assumptions described above.

	1 January 2014
UniCredit Group	
Fully loaded Common Equity Tier 1*	9.36%
Additional Tier 1 (grandfathered)**	0.51%
Tier 2 (grandfathered)**	3.99%
Total	**13.86%**

(*)The CRD IV fully loaded CET1 ratio is an estimate based on the Issuer's current understanding of CRD IV rules applicable to Italian banking groups, and on the outputs of certain models not yet formally approved by the Competent Authority. These rules are new and complex, and their interpretation may turn out to be different from the Issuer's current understanding.

(**)The CRD IV Regulation provides that instruments that no longer qualify as Additional Tier 1 and Tier 2 capital shall be subject to grandfathering, which means that such instruments will be phased out during a 10-year period. The Additional Tier 1 (grandfathered) and Tier 2 (grandfathered) ratios are derived from the Issuer's estimated CRD IV fully loaded calculation, based on its current understanding of CRD IV rules applicable to Italian banking groups, and on the outputs of certain models not yet formally approved by the Competent Authority. These rules are new and complex, and their interpretation may turn out to be different from the Issuer's current understanding.

TAXATION

The following is a summary limited to certain tax considerations in Italy and Luxembourg relating to the Notes and specifically contains information on taxes on the income from the securities withheld at source. This summary is based on the laws in force in Italy and Luxembourg as of the date of this Prospectus and is subject to any changes in law. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes.

In the following months, according to certain news in the press, the Italian Government may introduce tax provisions amending certain aspects of the current tax treatment of the Notes, as summarised below. The amendments should be aimed at increasing the rate of the withholding taxes and substitute taxes (where applicable) on financial incomes and capital gains, including the imposta sostitutiva (as defined below), from the current 20% up to 26%.

Each prospective Noteholder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the **Savings Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 April 2013, the Prime Minister of Luxembourg announced Luxembourg's intention to abolish the withholding tax procedure with effect as of 1 January 2015 in favour of the automatic exchange of information procedure as provided for by the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above.

The proposed European financial transactions tax (FTT)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

Italian Taxation

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian banks.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks (other than shares and assimilated instruments), as set out by Article 2(22)(22-*bis*) of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011 and as further amended and clarified by Law No. 147 of 27 December 2013.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see under "Capital gains tax" below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 20% In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax of 20% will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Substitute Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes 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 *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11% substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 20% (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

The countries which allow for a satisfactory exchange of information are listed in the Ministerial Decree dated 4 September 1996, as amended from time to time.

Please note that according to the Law No. 244 of 24 December 2007 (**Budget Law 2008**) a Decree still to be issued will introduce a new "white list" replacing the current "black list" system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20% Noteholders may set off losses with gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20% substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351 as subsequently amended apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11% substitute tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

The countries which allow for a satisfactory exchange of information are listed in the Ministerial Decree dated 4 September 1996, as amended from time to time.

Please note that, according to the Budget Law 2008, a Decree still to be issued should introduce a new 'white list' replacing the current "black list" system, so as to identify those countries which (i) allow for a satisfactory exchange of information; and (ii) do not have a more favourable tax regime.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20%

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes issued by an Italian resident issuer.

Inheritance and gift taxes

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

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

(ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6% on the entire value of the inheritance or the gift.

Transfers in favour of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

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

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; (ii) private deeds are subject to registration tax only in the case of voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.2% and, as of 2014, it cannot exceed €14,000, for taxpayers different from individuals; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. Under a preliminary interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2%

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

Implementation in Italy of the Savings Directive

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

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The

information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please note that the residence concept referred to under the headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

Non-resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the **Laws**), there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the **Savings Directive**) and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity (within the meaning of the Laws) which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax at a rate of 35%

In April 2013, the Luxembourg Government announced its intention to abolish the withholding tax system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive.

Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by Luxembourg resident Noteholders.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Laws) established in a EU Member State (other than Luxembourg) or one of the Territories and securing such payment for the benefit of such individual beneficial owner will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax at a rate of 10%.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an agreement (the **US-Italy IGA**) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Italy IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. If the Issuer becomes a Participating FFI, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK

ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE

Citibank International plc, HSBC Bank plc, Société Générale, UBS Limited and UniCredit Bank AG (together, the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 1 April 2014, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100% of the principal amount of the Notes, less certain commissions, in accordance with the terms and conditions contained therein. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each Manager has represented, agreed and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February, 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May, 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993, as amended (the **Banking Act**);

(ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Switzerland

Each Manager has acknowledged that the Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. Accordingly, each of the Managers has represented and agreed that it has not publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland any Notes and that the Notes may not be and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither the Prospectus nor any other offering or marketing material relating to the Notes constitutes an issue prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss code of obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or a simplified prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither the Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. Neither the Prospectus nor any other offering or marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by the Swiss Financial Markets Supervisory Authority (**FINMA**), and investors in the Notes will not benefit from protection or supervision by FINMA.

Canada

No prospectus in relation to the Notes has been filed with the securities regulatory authority in any province or territory of Canada. Each Manager has acknowledged that the Notes have not been and will not be qualified for sale under the securities laws of Canada or any province or territory of Canada.

Each Manager has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof other than in compliance with the applicable securities laws of Canada or any province or territory of Canada. Each Manager has agreed that it will offer, sell or distribute such Notes only in compliance with such Canadian selling restrictions and each Manager has agreed that it will offer, sell or distribute such Notes only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer is made. Each Manager has also represented and agreed that it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of the

Notes in Canada, other than in compliance with the applicable securities laws in Canada or any province or territory thereof.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended) (the **Financial Instruments and Exchange Law**). Accordingly, each of the Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell the Notes in Japan or to, or for the benefit of, a resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, a **resident of Japan** means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Hong Kong

Each of the Managers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, the Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances that do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or that do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (that is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the SFA.

PRC

Each of the Managers has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (the **PRC**) (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

General

Each Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer nor any of the other Managers shall have any responsibility therefor.

None of the Issuer or the Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Listing and admission to trading

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from the Issue Date. The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately €12,000.

Authorisation

The issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 21 January 2014.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under ISIN XS1046224884 and common code 104622488. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant changes in financial position

In the fourth quarter ended 31 December 2013, there have been significant changes in the financial position of the Issuer and the UniCredit Group as described in the EMTN Supplements and the Press Release 11 March 2014 incorporated by reference herein.

No material adverse change

Except as may be disclosed in the EMTN Supplements and the Press Release 11 March 2014 incorporated by reference herein, there has been no material adverse change in the prospects of the Issuer or the UniCredit Group since 31 December 2012.

Legal and arbitration proceedings

Except as disclosed in Note E to the Consolidated Accounts contained in the UniCredit Consolidated Semi-Annual Financial Statements as at and for the Six Months Ended 30 June 2013, which are incorporated by reference in this Prospectus, neither the Issuer nor any other member of the UniCredit Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which, according to the information available at present, may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the UniCredit Group.

Auditors

Under Italian law, listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredit held on 4 May 2004, KPMG S.p.A. (**KPMG**) was appointed to act as UniCredit's external auditor for a period of three years and during the general shareholders' meeting of UniCredit held on 10 May 2007 KPMG's engagement was extended for a further six years.

KPMG's registered office is in Milan, Via Vittor Pisani 25, and it is has been entered on the Register of Statutory Auditors held by the Italian Ministry of Economy and Finance (*Registro dei Revisori Legali*) as set out in Article 2 of Legislative Decree n. 39/2010.

KPMG have audited the annual consolidated financial statements of the Issuer for the financial years ended 31 December 2012 and 2011, without qualification, in accordance with generally accepted auditing standards in Italy.

At the ordinary and extraordinary shareholders' meeting of UniCredit held on 11 May 2012, Deloitte & Touche S.p.A. (**Deloitte**) was appointed to act as UniCredit's external auditor for the 2013-2021 nine-year period, pursuant to Article 13, paragraph 1, of Legislative Decree no. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

Deloitte's registered office is in Milan, Via Tortona 25, and it has been entered on the Register of Statutory Auditors held by the Italian Ministry of Economy and Finance (*Registro dei Revisori Legali*) as set out in Article 2 of Legislative Decree n. 39/2010. Deloitte is also a member of ASSIREVI, the Italian association of auditing firms.

Deloitte have reviewed the semi-annual consolidated financial statements of the Issuer for the six months ended 30 June 2013, in accordance with CONSOB deliberation n. 10867 issued on 31 July 1997.

The external auditors have no material interest in the Issuer.

Availability of documents

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available, upon request, free of charge, during normal business hours from the registered office of the Issuer and from the specified office of the Paying Agent in each case at the address given at the end of this Prospectus:

(i) copies of the memorandum and articles of association of the Issuer (with an English translation thereof);

(ii) the Subscription Agreement and the Agency Agreement (which includes, *inter alia*, the forms of Notes in definitive form, Coupons and Talons); and

(iii) this Prospectus and any supplements to this Prospectus and any other documents incorporated therein by reference.

In addition, this Prospectus, and documents incorporated by reference herein, will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Yield

There is no explicit yield to maturity. The Notes do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Notes at the full stated rate. The interest rate is also subject to periodic resetting.

For information purposes only, the yield of the Notes calculated on the basis of the Issue Price and the Initial Rate of Interest from, and, including the Issue Date up to, but excluding the First Call Date and assuming no Write-Down during such period, would be 8.003% per annum. It is not an indication of the actual yield for such period nor of any future yield.

Managers engaging in business activities with the Issuer

Save for any fees payable to the Managers and save for the fact that UniCredit Bank AG is part of the Issuer's group, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. Certain Managers and/or their affiliates have engaged and could in the future engage in commercial banking and/or investment activities with the Issuer and/or its affiliates and could, in the

ordinary course of their business, provide services to the Issuer and/or to its affiliates. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) 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. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of Notes. The Managers and their affiliates 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.

REGISTERED OFFICE OF THE ISSUER

UniCredit S.p.A.
Via A. Specchi, 16
00186 Rome
Italy

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