

UniCredit S.p.A.

(incorporated as a Società per Azioni in the Republic of Italy registration number n. 00348170101)

€700,000,000 Zero Coupon Notes due 2017

Issue Price: 84.95 per cent.

The €700,000,000 Zero Coupon Notes due 2017 (the **Notes**) were issued by UniCredit S.p.A. (the **Issuer** or **UniCredit**) on 31 October 2012. The Issuer is the parent holding company of the UniCredit Group (the **Group** or **UniCredit Group**).

The Notes are zero coupon notes.

The ISIN for this issue is IT0004854060 and the Common Code is 086969343.

Unless previously purchased, the Issuer will redeem the Notes at their principal amount on 31 October 2017.

The issue price of the Notes was €849.50 for each note of €1,000 nominal value.

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, as amended (the **Luxembourg Act**) on prospectuses for securities to approve this document as a prospectus and 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 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.

References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (**Directive 2004/39/EC**).

The Issuer has been rated BBB+ by Standard & Poor's Credit Market Services Italia S.r.l. (**Standard & Poor's**), Baa2 by Moody's Italia S.r.l. (**Moody's**) and A- by Fitch Italia S.p.A. (**Fitch**). The Notes have not been rated. Each of Fitch, Moody's and Standard & Poor's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's, Fitch and Standard & Poor's is included in the list of credit ratings 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 security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have been accepted for clearance through Monte Titoli S.p.A. (**Monte Titoli**) which shall credit the accounts of the Monte Titoli accountholders.

The Notes have been issued in bearer form in the denomination of €1,000. The Notes will at all times be represented in dematerialised book-entry form in the books of Monte Titoli in compliance with the provisions of Legislative Decree No. 58 of 24 February 1998. No physical document of title will be issued in respect of the Notes.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 17.

The date of this Prospectus is 5 March 2013.

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**).

The Issuer (the **Responsible Person**) 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 does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus (together with the documents incorporated by reference herein as detailed in the section entitled "*Documents Incorporated by Reference*") contains all material information with respect to the Issuer and the Notes (including all information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes), that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

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 should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

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 listing of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Prospectus nor any other information supplied in connection with the listing of 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 that any recipient of this Prospectus or any other information supplied in connection with the listing of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the listing of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (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. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see "*Subscription and Sale*" below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The

distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the European Economic Area, including in the Republic of Italy, see "*Subscription and Sale*".

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (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 Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus, may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Issuer has not authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

All references in this document to **Euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community.

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SUMMARY

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

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

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

Section A – Introduction and warnings

Element					
A.1	<ul style="list-style-type: none"> • This summary should be read as an introduction to the Prospectus. • Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including any documents incorporated by reference. • Where a claim relating to information contained in the Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. • Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities. 				
A.2	<table border="1"> <tr> <td data-bbox="335 1541 742 1899">Consent to the use of the Prospectus</td><td data-bbox="742 1541 1455 1899">Not applicable; no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries since the Notes have already been issued and were placed directly by the Issuer as at the issue date, occurring on 31 October 2012, and as such UniCredit S.p.A. has not given its consent to the use of this Prospectus for subsequent resale or final placement of the Notes by financial intermediaries.</td></tr> <tr> <td data-bbox="335 1899 742 2042">Any other clear and objective conditions attached to the consent which are relevant for the use of the Prospectus</td><td data-bbox="742 1899 1455 2042">Not applicable; as per the above, no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries since the Notes have already</td></tr> </table>	Consent to the use of the Prospectus	Not applicable; no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries since the Notes have already been issued and were placed directly by the Issuer as at the issue date, occurring on 31 October 2012, and as such UniCredit S.p.A. has not given its consent to the use of this Prospectus for subsequent resale or final placement of the Notes by financial intermediaries.	Any other clear and objective conditions attached to the consent which are relevant for the use of the Prospectus	Not applicable; as per the above, no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries since the Notes have already
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Any other clear and objective conditions attached to the consent which are relevant for the use of the Prospectus	Not applicable; as per the above, no consent has been given by the Issuer to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries since the Notes have already				

Element		
		been issued and were placed directly by the Issuer as at the issue date.

Section B – Issuer

Element	Title																	
B.1	Legal and commercial name of the Issuer	UniCredit S.p.A.																
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is incorporated as a joint-stock company in the Republic of Italy under Italian law. Its principal centre of business is at Piazza Cordusio, 20123, Milan, Italy.																
B.4b	Trend information	Not applicable; as at the date of this Prospectus and so far as the financial year ended 31 December 2012 is concerned, the Issuer is not aware of any trends, uncertainties, requests, undertakings or known facts which may reasonably significantly affect the prospects of the Issuer or the UniCredit Group (the Group).																
B.5	Description of the Group	<p>UniCredit is the parent company of the UniCredit Group.</p> <p>UniCredit is a leading European commercial bank with strong roots in twenty two European countries and an international network spanning fifty markets.</p> <p>The Group boasts a position of primary importance in terms of the number of branches in Italy, in addition to a well-established presence in several areas in western Europe (namely Germany and Austria).</p>																
B.9	Profit forecast or estimate	Not applicable; no profit forecast or estimate has been made in this Prospectus.																
B.10	Audit report qualifications	Not applicable; there are no qualifications in the audit report on historical financial information.																
B.12	Selected historical key financial information:																	
	<i>Income Statement</i>																	
	The table below sets out summary information extracted from the UniCredit Group's audited income statement for each of the two years ended 31 December 2010 and 31 December 2011 and from the UniCredit Group's income statement subject to limited review for each of the six month periods ended 30 June 2011 and 30 June 2012 and from the UniCredit Group's income statement for each of the nine month periods ended 30 September 2011 and 30 September 2012, respectively:																	
	<i>Consolidated Income Statement as at 31 December 2011 and 31 December 2010</i>																	
	(€ million)	<table><tr><td></td><td>31.12.2011</td><td>31.12.2010</td><td>Variation %</td></tr><tr><td>Net interest margin</td><td>15,488</td><td>15,756</td><td>-1.7%</td></tr><tr><td>Operating income</td><td>25,208</td><td>25,608</td><td>-1.6%</td></tr><tr><td>Net profit from financial and</td><td>18,592</td><td>18,625</td><td>-0.2%</td></tr></table>		31.12.2011	31.12.2010	Variation %	Net interest margin	15,488	15,756	-1.7%	Operating income	25,208	25,608	-1.6%	Net profit from financial and	18,592	18,625	-0.2%
	31.12.2011	31.12.2010	Variation %															
Net interest margin	15,488	15,756	-1.7%															
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Net profit from financial and	18,592	18,625	-0.2%															

Element	Title			
	insurance activities			
	Operating costs	(17,492)	(16,456)	+6.3%
	Holdings income (Loss) of the period	(9,206)	1,323	n.s.
	<i>Consolidated Income Statement as at 30 June 2012 and 30 June 2011</i>			
	(€ million)	30.06.2012	30.06.2011	Variation %
	Net interest margin	7,271	7,859	-7.5%
	Operating income	13,143	13,424	-2.1%
	Net profit from financial and insurance activities	9,778	10,617	-7.9%
	Operating costs	(7,751)	(8,240)	-5.9%
	Holdings income (Loss) of the period	1,083	1,321	-18.0%
	<i>Consolidated Income Statement as at 30 September 2012 and 30 September 2011</i>			
	(€ million)	30.09.2012	30.09.2011	Variation %
	Net interest margin	10,765	11,732	-8.2%
	Operating income	19,271	19,139	+0.7%
	Net profit from financial and insurance activities	14,117	14,248	-0.9%
	Operating costs	(11,534)	(13,485)	-14.5%
	Holdings income (Loss) of the period	1,418	(9,320)	n.s.
	Balance Sheet			
	The table below sets out summary information extracted from the UniCredit Group's audited balance sheet for each of the two years ended 31 December 2010 and 31 December 2011 and from the UniCredit Group's balance sheet subject to limited review for each of the six month periods ended 30 June 2011 and 30 June 2012 and from the UniCredit Group's balance sheet for each of the nine month periods ended 30 September 2011 and 30 September 2012, respectively:			
	<i>Consolidated Balance Sheet as at 31 December 2011 and 31 December 2010</i>			
	(€ million)	31.12.2011	31.12.2010	
	Deposits from customers and debt securities in issue	561,370	583,239	
	Financial assets	230,349	218,699	
	Loans and receivables with Customers	559,553	555,653	
	Total Assets	926,769	929,488	
	Shareholders' equity	51,479	64,224	
	Issued capital	12,148	9,649	

Element	Title				
	<i>Consolidated Balance Sheet as at 30 June 2012 and 30 June 2011 and as at 30 September 2012 and 30 September 2011</i>				
	<i>(€ million)</i>	30.09.2012	30.06.2012	30.09.2011	30.06.2011
	Deposits from customers and debt securities in issue	585,695	580,427	559,230	585,936
	Financial assets	231,120	225,724	236,894	204,555
	Loans and receivables with Customers	561,875	556,815	562,447	561,792
	Total assets	969,152	954,950	950,296	918,772
	Shareholders' equity	62,557	61,031	52,292	64,726
	Issued capital	19,648	19,648	9,649	9,649
	<i>Statements of no significant or material adverse change</i>				
	Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since the unaudited consolidated financial statements as at and for the nine months ended 30 September 2012, and there has been no material adverse change in the prospects of the Issuer since the audited consolidated financial statements as at and for the year ended 31 December 2011.				

Element	Title	
B.13	Events impacting the Issuer's solvency	Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	Dependence upon other group entities	Not applicable; the Issuer is not dependent upon other entities within UniCredit Group.
B.15	Principal activities	<p>The Issuer is the parent holding company of the Group, a full-service financial services group engaged in a wide range of banking, financial and related activities throughout Italy and certain Central and Eastern European countries.</p> <p>The Issuer carries out, in addition to banking activity, organic policy, governance and control functions vis-à-vis its subsidiary banking, financial and instrumental companies.</p> <p>The Issuer, as a bank which undertakes management and coordination activities for the UniCredit Group, pursuant to the provisions of Article 61 of Legislative Decree no.385 of 1 September 1993, as amended (the Banking Act), issues, when exercising the management and coordination activities, instructions to the other members of the banking group in respect of the fulfilment of requirements laid down by the Bank of Italy in the interest of the banking group's stability.</p>
B.16	Controlling shareholders	Not applicable; at the date of this Prospectus, no party exercises control over the Issuer.
B.17	Solicited credit ratings	<p>The Issuer is currently rated BBB+ by Standard & Poor's Credit Market Services Italia S.r.l. (Standard & Poor's), Baa2 by Moody's Italia S.r.l. (Moody's) and A- Fitch Italia S.p.A. (Fitch). The Notes have not been nor are expected to be rated. Each of Fitch, Moody's and Standard & Poor's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation).</p> <p>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>

Section C – Securities

Element	Title	
C.1	Description of Notes/ISIN	<p>The UniCredit S.p.A. €700,000,000 Zero Coupon Notes due 2017 are zero coupon notes and have been issued in bearer form in denominations of €1,000. The Notes represent unsecured obligations of the Issuer.</p> <p>The International Securities Identification Number (ISIN) for the Notes is IT0004854060 and the Common Code is 086969343</p>
C.2	Currency	Euro.
C.5	Restrictions on the transferability	Not applicable; Notes will be freely transferable, subject to certain restrictions and compliance with applicable securities laws and regulations.
C.8	Rights attaching to the Notes, including ranking and limitations on those rights	<p>The Notes are subject to the following conditions relating to, among other matters:</p> <p><i>Payments</i></p> <p>Payments of principal in respect of each Note will be made by the Issuer through the relevant financial intermediaries which participate in Monte Titoli S.p.A.'s centralised settlement system.</p> <p><i>Status and Ranking</i></p> <p>The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking equally (subject to any obligations preferred by any applicable law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, present and future and outstanding from time to time (except for certain notes subject to liens, as provided by law), and <i>pari passu</i> and rateably without any preference among themselves.</p> <p><i>Redemption</i></p> <p>The Issuer will redeem the Notes in a single solution on the 31 October 2017 and noteholders will be entitled to receive a redemption amount equal to 100 per cent. of the nominal value of each Note.</p> <p><i>Prescription</i></p> <p>Noteholders' payment rights in respect of principal under</p>

Element	Title	
		the Notes will expire ten years after the date on which the Notes become redeemable.
C.9	Interest/Redemption	<p>Please also refer to element C.8, above.</p> <p><i>Interest</i></p> <p>The Notes are zero coupon notes and shall not bear interest.</p> <p>The yield accrued by the Notes is equivalent to the difference between the issue price and the redemption amount.</p> <p><i>Maturity Date</i></p> <p>The Notes will mature on 31 October 2017.</p> <p><i>Redemption</i></p> <p>The Issuer will redeem the Notes at their principal amount on 31 October 2017.</p>
C.10	Derivative component	Not applicable; the Notes are zero coupon notes which provide for the redemption at maturity of 100 per cent. of the nominal value of each Note and do not provide for the periodic payment of interests.
C.11	Listing and admission to trading	Application has been made to the CSSF to approve this document as a prospectus and 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.

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer	<p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include, among other things:</p> <ul style="list-style-type: none"> • Risks concerning liquidity which could affect the Group's ability to meet its financial obligations as they fall due; • 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 European sovereign debt crisis has adversely affected, and may continue to, adversely affect the Group's results of operations, business and financial condition; • The Group has significant exposure to European sovereign debt; • Financial regulators have requested that UniCredit Group companies reduce their credit exposure to other UniCredit Group entities, particularly their upstream exposure to UniCredit, 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 Group; • Systemic risk could adversely affect the Group's business; • Risks connected to an economic slowdown and volatility of the financial markets – credit risk;

Element	Title	
		<ul style="list-style-type: none"> • The fair values of the Group's structured credit products have been and may continue to be significantly reduced; • Deteriorating asset valuations resulting from poor market conditions may adversely affect the Group's future earnings; • The economic conditions of the geographic markets in which the Group operates have had, and may continue to have, adverse effects on the Group's results of operations, business and financial condition; • Non-traditional banking activities expose the Group to additional credit risks; • Unidentified or unanticipated risks, by their nature, might not be captured in the current Group's risk management policies; • Fluctuations in interest and exchange rates may affect the Group's results; • Changes in the Italian and European regulatory framework could adversely affect the Group's business; • Increased Capital Requirements; • The Group may be subject to the provisions of the Crisis Management Directive, once finalised and implemented, in the future; • Operational and IT risks are inherent in the Group's business; • Intense competition, especially in the Italian market, where the Group has a substantial part of its businesses, could have a material adverse effect on the Group's results of operations and financial condition; • Risks in connection with legal proceedings; • The Group is involved in pending tax proceedings; and • The Group may be unable to fully implement its 2010-2015 Strategic Plan.

Element	Title	
D.3	Key risks regarding the Notes	There are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These include the fact that the Notes may not be a suitable investment for all investors and certain market risks, including the risk that a liquid trading market for the Notes may not develop, and exchange rate risks.

Section E – Offer

Element	Title	
E.2b	Use of proceeds	The net proceeds of the issue of the Notes were applied by the Issuer for its general corporate purposes.
E.3	Terms and conditions of the offer	Not applicable; the Issuer has offered and placed the Notes directly to investors. The Issuer has not entered into any underwriting agreement with any entities agreeing to underwrite the issue of the Notes.
E.4	Interest of natural and legal persons involved in the issue/offer	<p>Banca Aletti & C. S.p.A. (acting as placement agent as well as placement manager and price maker) has entered into with the Issuer – potentially indirectly, through companies of the same UniCredit Group and in one or more solutions – agreements for the coverage of the interest rate risk linked to the issue of the Notes for a notional amount equal to the total nominal amount of the Notes issue. Such situation may give rise to a conflict of interest for Banca Aletti & C. S.p.A. (in its capacity as placement manager and placement agent) towards the Noteholders.</p> <p>Banca Aletti & C. S.p.A. will take care of highlighting any conflicts of interests which may arise with its clients, in accordance with its policy for the management of the conflicts of interest and applicable rules.</p>
E.7	Expenses charged to the investor by the Issuer or an offeror	Not applicable; a placement fee and a structuring fee, payable to Banca Aletti & C. S.p.A. and each equal to 4.50 per cent. and 1.125 per cent., respectively, were included in the issue price of the Notes as at the issue date (31 October 2012).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most 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. The Notes present risk elements that investors should consider before taking any decision as to whether to invest in them. Investors should invest in the Notes only if they have understood their nature and the underlying risk grade.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. 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. Furthermore, prospective investors should consult the documents which are incorporated by reference herein and which are listed in this Prospectus in the section entitled "Documents Incorporated by Reference" in order to gain a complete understanding of the Issuer and its financial situation.

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

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

The UniCredit Group is subject to liquidity risk, i.e., the risk that it 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 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 and term funding. In particular, the perception of counterparty credit risk between banks has increased significantly, resulting in further reductions in interbank lending and the level of confidence from banks' customers, together with pressures on bond markets as a result of speculation. In addition, the Group's access to liquidity could be further prejudiced through its inability to access bond markets, issue securities or secure other forms of wholesale funding. In this context, the Group has announced, as part of its 2010-2015 Strategic Plan, its intention to decrease the proportion of wholesale funding in favour of retail funding. However, reduced customer confidence could result in the Group's inability to access retail funding and to increased deposit outflows, which in turn could further limit the Group's ability to fund its operations and meet its minimum liquidity requirements. Furthermore, the differing tax treatment of securities issued by UniCredit and those issued by the Italian Government has resulted in the securities issued by UniCredit being comparatively less favourable to investors, which could lead to higher funding costs. Therefore, further increases in the cost of interbank funding, reductions in the availability of such funding, increases in the costs of, together with decreases in the availability of, similar or other forms of funding and/or the inability of the Group to dispose of its assets or liquidate its investments could affect the Group's business and materially adversely affect its results of operations and financial condition.

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

In addition, supervisory authorities are increasingly monitoring the transfer of liquidity between Group entities – particularly with regard to UniCredit as a holding company – as well as requiring Group subsidiaries to reduce their respective exposures to other Group companies. This increased oversight could affect the Group's ability to support the liquidity requirements of its parent company and subsidiaries through inter-group transfers of capital, which in turn could adversely affect the Group's results of operations, business and financial condition.

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 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 of the date of this Prospectus, short to medium term expectations of global economic performance remain uncertain.

The recent repricing of sovereign risk and the restructuring of Greek debt have contributed to keep volatility and uncertainty high weighing negatively on the global financial system.

Such continued deterioration has led to significant distortions in global financial markets, including critically low levels of liquidity and availability of financing (with consequentially high funding costs), historically high credit spreads, volatile and unstable capital markets and declining asset values. 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 particularly 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, decreased consumer confidence in financial institutions, high levels of unemployment and a general decline in the demand for financial services.

Furthermore, the general economic decline in the countries in which the 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 such devaluations and decreases in value.

All of the above could be further impacted by any measure taken with respect to the currencies of such countries 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 Group's results of operations, business and financial condition

The continued deterioration of the merit of credit of various countries, including, among others, Greece, Ireland and Portugal, together with the potential for contagion to spread to other countries in Europe, mainly Spain and Italy, has exacerbated the severity of the global financial crisis. Such developments have posed a significant risk to the stability and status quo of the European Monetary Union.

Rising market tensions might affect negatively the funding costs and economic outlook of some euro member countries, like in the case of the three bailed out countries (Greece, Ireland and Portugal). This, together with the risk that some countries (even if not especially significant in terms of GDP) might leave the euro area, would have a material and negative impact on the Group and/or on the Group's clients, with negative implications for the 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 Group's business, results and financial position. This trend will likely continue in the coming quarters.

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

The ECB's unconventional policy (including a security market programme and provision of liquidity via "Longer Term Refinancing Operations" (LTRO) with full allotment) 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 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 uncertainty and volatility. Any further acceleration of the European sovereign debt crisis would likely significantly affect, among other things, the recoverability and quality of the sovereign debt securities held by the Group as well as the financial resources of the Group's clients holding similar securities. The occurrence of any of the above events could have a material adverse effect on the Group's business, results and financial condition.

The Group has significant exposure to European sovereign debt

In carrying out its activities, the Group has significant financial exposure to the central and local governments and governmental bodies of the major European countries, as well as to other countries outside the Eurozone (so-called "sovereign exposure"). As at 31 December 2011, the book value of UniCredit's Group sovereign debt securities amounted to €87,774 million, 92 per cent. of which was concentrated in eight countries: Italy (which, with € 35,087 million, represents 40 per cent. of the total), Germany, Poland, Turkey, Austria, Spain, Czech Republic and Hungary. The remaining 8 per cent. of UniCredit's sovereign debt exposure is divided between 43 countries, including the United States, Ireland, Portugal and Greece. As at 31 December 2011, sovereign debt securities belonging to the Group's banking book equalled €77,206 million.

These exposures were not subject to impairment at 31 December 2011, with the exception of those towards Greece.

The value of the positions represented by Greek government securities classified under available-for-sale financial assets as at December 2011 was determined by applying the prices observed in the market at that date, which mainly fall into Level 1 of the fair value hierarchy. The assessment of the Greek government bonds classified under held-to-maturity assets was updated to reflect expectations of higher losses implicit in market prices as at 31 December 2011, consistent with the assessment of available-for-sale financial assets.

On 21 February 2012, the Greek Republic and the public sector (EU Member States and the International Monetary Fund-IMF) reached a mutual agreement which provided for an offer to swap

old Greek bonds with new financial instruments. More specifically, these instruments consist of (i) European Financial Stability Facility (**EFSF**) notes with a face value of 15 per cent. of the exchanged bonds, (ii) new Greek government bonds with maturities between 10 and 30 years and a face value of 31.5 per cent. of the exchanged bonds and (iii) GDP-linked securities.

The participation in Greece's bond swap offer has entailed a loss of about 77 per cent. on the nominal value, broadly in line with market prices at the end of 2011.

In addition to UniCredit's exposure to sovereign debt securities, the Group is also exposed to sovereign debt through loans made to central and local governments and other governmental bodies. With reference to the such loans (excluding tax liabilities) as at 31 December 2011, €13,475 million were made to the German state, €8,183 million were made to the Italian state and €6,576 million were made to the Austrian state.

Furthermore, any future downgrades to the credit ratings of the countries referred to above could result in UniCredit having to revise the weighting criteria it uses for calculating risk weighted assets (**RWAs**), which could adversely affect UniCredit's capital ratios.

Thus, any negative developments in the Group's "sovereign exposure" could adversely affect its results of operations, business and financial condition.

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

In common with other multi-jurisdictional banking groups, the UniCredit Group companies have historically provided funding to other members of the Group, resulting in the transfer of excess cash liquidity from one member of the Group to another. Currently, one of the largest such outstanding exposures is 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. In order to reduce the volatility in Intragroup exposure UCB AG and UniCredit SpA have entered into an ISDA Credit Support Annex (CSA). The Intra group Counterparty Exposure between UCB AG and UniCredit SpA has therefore been collateralized. Whilst this immunizes the counterparty exposure, it creates additional intra group liquidity streams.

As a result of the ongoing global financial crisis, banking regulators in many of the jurisdictions in which the 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 Group.

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 Bundesanstalt für Finanzdienstleistungsaufsicht (**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 implementation of the measures described above, the inability of the Group to provide additional collateral to support these arrangements were it required to do so or a request by BaFin to further reduce UCB AG's intra-group exposure because of a perceived or actual deterioration in the credit outlook of its counterparties or any other reason, could have a material adverse effect on the Group's liquidity and the liquidity of certain of its subsidiaries. Any of these events could have a material adverse effect on the way in which the Group funds itself internally, on the cost of such funding (particularly if it has to be obtained externally) as well as on the results of operations, business and financial condition of UniCredit and the Group.

Systemic risk could adversely affect the Group's business

In light of the relative shortage of liquidity and relatively high funding costs that have prevailed in the interbank lending market since the onset of the global financial crisis, the 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 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 any one 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 Group interacts on a daily basis, which in turn could adversely affect the Group's ability to raise new funding. The occurrence of any "systemic" risks could adversely affect the Group's results of operations, business and financial condition.

In addition, in each of the countries in which the 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's, 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 Group's results of operations, business and financial condition.

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

The banking and financial services market in which the Group operates is affected by unpredictable factors, including overall economic developments, fiscal and monetary policies, liquidity and expectations within capital markets and consumers' behaviour in terms of investment and saving. In particular, the demand for financial products in traditional lending operations could lessen during periods of economic downturn. Overall economic development can furthermore negatively impact the solvency of mortgage debtors and other borrowers of UniCredit and the Group such as to affect their overall financial condition. Such developments could negatively affect the recovery of loans and amounts due by counterparties of the Group companies, which, together with an increase in the level of insolvent clients compared to outstanding loans and obligations, will have an impact on the levels of credit risk.

The Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions and the Group's consequent exposure to the risk that receivables from third parties owing money, securities or other assets to it will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This 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. As part of their respective businesses, entities of the Group operate in countries with a generally higher country risk profile than in their respective home markets (emerging markets). Entities of the Group hold assets located in such countries. The Group's future earnings could also be adversely affected by depressed asset valuations resulting from a deterioration in market conditions in any of the markets in which the Group companies operate. The above factors could also have a significant impact in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

The Group monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the Group will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Group's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Group's business, financial condition and results of operations.

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

The fair values of the Group's structured credit products have been and may continue to be significantly reduced

The Group acts as originator, sponsor and investor with respect to structured credit products (SCPs). The group monitors the fair value and economic value of its portfolio of SCPs. As a result of the current market environment, the fair value of many products in the Group's portfolio have been significantly reduced. The disposal of these financial products at prices below book value and, with respect to the Group's banking portfolio, the write downs triggered by declines, if any, in economic or market value below book value, could result in a material adverse effect on the Group's results of operations, business and financial condition and, which would be more severe the higher the difference between the book value and the fair value.

Securitisations originated by the UniCredit Group

The UniCredit Group acts as originator with respect to loan portfolios of special purpose vehicles (SPVs), including traditional securitisation transactions where the loan portfolio is actually transferred to the vehicle, as well as synthetic securitisation transactions where the underlying credit risk is hedged in full or in part through credit default swaps and/or financial guarantees.

As at 31 December 2011, the level of cash exposure deriving from the Group's securitisations totaled Euro 9.0 billion and was as follows:

- exposure from securitisations of derecognized assets: Euro 1.0 billion;

- exposure from securitisations of assets not derecognized: Euro 3.2 billion; and
- exposure from synthetic securitisations: Euro 4.8 billion.

In terms of seniority, these exposures can be reported as follows:

- Euro 1.4 billion of junior notes;
- Euro 1.5 billion of mezzanine notes; and
- Euro 6.1 billion of senior notes.

In addition to the above exposures, the Group also has an asset exposure of Euro 45.4 billion to so-called self-securitisations.

Conduits

The UniCredit Group acts as sponsor of Asset Backed Commercial Paper Conduits of Multi Seller Customer Conduits. As at 31 December 2011, the Group's cash exposure to conduits totalled Euro 3.1 billion and its exposure to credit lines totaled Euro 0.5 billion.

In connection with its role as sponsor, the Group selects the asset portfolios acquired by the conduits, and manages and provides collateral in the form of a unique specific line granted to each vehicle of subordinated level to ensure the timely reimbursement of the securities issued by such conduits.

Since the Group manages the conduits and benefits from their performance, the conduits are fully consolidated. As a result, the Group bears the main risk with respect to such conduit operations.

Other structured credit products in which the Group acts as investor

As at 31 December 2011, the Group's total net exposure to SCPs was Euro 6.6 billion. The Group's portfolio of SCPs was limited to 0.78 per cent. of the total portfolio of financial assets as at 31 December 2011.

In addition, a portion of the Group's exposure to SCPs was reclassified in October 2008, reflecting certain changes to accounting policies, as the SCPs were no longer held for trading due to reduced liquidity and significant volatility in the financial markets. As at 31 December 2011, the book value of the Group's reclassified asset backed securities was Euro 4.7 billion, while their fair value was Euro 3.9 billion.

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

The global economic slowdown and economic crisis in certain countries of the Euro-zone have exerted, and may continue to exert, downward pressure on asset prices, which has an impact on the credit quality of the Group's customers and counterparties. This may cause the 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 Group's exposures.

A substantial portion of the 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 Group's principal assets, it is highly exposed to developments in real estate markets.

Continued decline in the general economies of the countries in which the Group operates, or a general deterioration of economic conditions in any industries 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 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 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 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 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 Group operates have had, and may continue to have, adverse effects on the Group's results of operations, business and financial condition

While the Group operates in many countries, Italy is the primary country in which it operates. Thus, the 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 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 Group's results of operations, business and financial condition.

The Group also has significant operations in several Central and Eastern European countries (**CEE countries**), including Poland, Turkey, Russia, Croatia, Czech Republic, Bulgaria, Kazakhstan 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, however, have historically been characterised by highly volatile capital markets and exchange rates, a certain degree of political, economic and financial instability, and, in several cases, 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 Group operates, economic recovery in the region has been consolidating during 2012 and 2011, albeit at varying levels of significance. The timing of full economic recovery in some 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 Group recapitalised certain of its subsidiaries in several CEE countries, including some of those in Ukraine and Kazakhstan. In addition, the Group recognised impairments to the goodwill related to the subsidiaries in Ukraine and Kazakhstan in 2008, 2010 and 2011.

Nevertheless, given the more restrictive regulations than those prevailing at the international level, the Group may need to continue strengthening the equity of and/or transfer an increasing amount of funds to its subsidiaries located in CEE countries, particularly those located outside the European Union, 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 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 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 Group. Furthermore, unfavorable developments in the growth rates of CEE countries compared to historical levels, together with the uncertainties surrounding Western European economies, could adversely affect the Group's achievement of its strategic goals.

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

In addition to traditional banking activities such as lending and deposit-taking, the Group carries out non-traditional banking activities, which may expose the Group to additional credit and/or counterparty risk. Such additional risk may originate, for example, from: executing securities, futures, currency or commodity trades that fail to settle timely due to non-delivery by the counterparty or to system failures by clearing agents, exchanges, clearing houses or other financial intermediaries (including the 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 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 Group's results of operations, business and financial condition.

The 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 Group's ability to dispose of the above mentioned investments, and may cause considerable reductions in their value, with possible adverse effects to the Group's results of operations, business and financial condition.

In addition, the 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 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 Group. Nevertheless, in the course of any disposals, the Group may have to deal with such companies. This exposes the 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 Group's results of operations, business and financial condition.

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

Banks belonging to the Group are subject to the risks inherent to banking and financial activities. The 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 Group's Risk Management Division provides strategic direction and defines the risk management policies implemented, locally, by the 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 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 Group operates, could adversely affect the 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 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 Group. These procedures apply to models awaiting initial implementation as well as models already adopted, but for which the 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 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 well as with international best practices.

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

Various regulators that exercise oversight of UCB AG's operations, including the German Central Bank, BaFin and the FSA, have conducted audits and/ or reviews of UCB AG's risk management and internal control systems, and highlighted concerns (which were also the subject of additional internal and external UCB AG audits) about the extent to which such systems are fully compliant with applicable legal and regulatory requirements in Germany. As a result of discussions with BaFin regarding these matters, and after informing the Bank of Italy, UniCredit and UCB AG have undertaken to maintain within UCB AG a minimum solvency ratio that exceeds the statutory minimum required in order to address BaFin's concern that there be sufficient capital within UCB AG to absorb any losses that could result from shortcomings in its risk management policies, until such shortcomings are addressed to BaFin's satisfaction. Progress on actions undertaken have been, and will continue to be, regularly reported by UCB AG to both UniCredit and to the relevant regulators, including the Bank of Italy and BaFin.

Nevertheless, even if UCB AG's plans, system improvements and robust monitoring process are acknowledged by BaFin, there can be no assurance that the actions taken, and planned to be taken, by UCB AG will be fully satisfactory to BaFin or the other regulators that have oversight of these matters. While UCB AG is in the process of addressing all the material concerns raised, there is a risk that BaFin and other regulators could take additional measures against UCB AG and its management, including issuing fines, imposing limitations on the conduct, outsourcing or the expansion of certain business activities, or seeking to require UCB AG to maintain a higher regulatory capital buffer.

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

Fluctuations in interest rates in Europe and in the other markets in which the Group operates may influence the Group's performance. The results of the Group's banking operations are affected, inter alia, by the 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 Group's financial condition and results of operations.

Rising interest rates along the yield curve can increase the cost of the 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 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 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 significantly influence the Group's results of operations, business, financial condition and prospects. As a result, the Group is exposed to foreign currency exchange rates and foreign currency transaction risks.

The 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 Group employs a hedging policy with respect to the profits and dividends of its subsidiaries operating outside the Euro area. The 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 Group's results of operations, business and financial condition.

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

The Group is subject to extensive regulation and supervision in all jurisdictions in which it operates, including by the Bank of Italy, BaFin, PFSA, FMA, the ECB, the EBA and the ESCB. The rules applicable to banks and funds are aimed at preserving the stability and solidity of banks and limiting their risk exposure. The 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 Group is subject to the supervision of the Italian Securities and Exchange Commission (*Commissione Nazionale per la Società e la Borsa*, **CONSOB**), the Institute for the Supervision of Private Insurance and the FMA. 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.

The supervisory authorities mentioned above govern various aspects of the Group, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, the Group has in place specific procedures and internal policies. 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 Group's results of operations, business and financial condition. The above risks are compounded by the fact that, 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.

In particular, in the wake of the global financial crisis that began in 2008, the Basel Committee approved, in the fourth quarter of 2010, revised global regulatory standards 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 so-called Basel III). The Basel III framework adopts a gradual approach, with the requirements to be implemented over the period from 1 January 2013 to 31 December 2019 (although implementation may be delayed, including in the European Union, and some of the new requirements which are still in the course of being defined will have to be adopted by individual member states).

Between the end of 2010 and the beginning of 2011, the Bank of Italy issued a series of measures which amended the New Provisions of Prudential Supervision of Banks for the purposes of implementing the CRD II Directives which may require the Group, after a transitional period, to replace its financial instruments no longer computable for such purposes. In November 2010, the CRD III Directive was issued and included additional capital requirements relating to the trading portfolio and repackaging securitisations as well as a review of the remuneration policies.

In the European Union, Basel III will be reflected by an amended Capital Requirements Directive (known as the **CRD IV**) and the implementation of an EU regulation (the **Capital Requirements Regulation**) directly in each member state (known as the **CRR**) from 1 January 2013. Drafts of the CRD IV and the CRR have been released by the European Commission but have not yet been published in final form until at least the middle of 2012. The rules are expected to enter into force in 2013 though subject to a series of transitional arrangements with phasing in of the rules occurring over a period of time.

The impact of these regulations could, therefore, have an adverse effect on the Group's results of operations, business and financial condition.

In addition, UniCredit was included in the list of financial institutions of global systemic importance published on 4 November 2011 by the Financial Stability Board. The banks included in that list, which will be updated annually, will be subject to increased oversight and will be required, in consultation with supervisory authorities, to prepare (by 2012) resolution and recovery plans to prevent the risk of the bank's failure from driving systemic risk. The banks will also be required to, among other things, maintain the capacity to absorb additional losses through a capital buffer comprised of common equity.

The various requirements may affect the activities of the Group, including its ability to grant funding, 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 Group's results of operations, business, assets, cash flows and financial condition, the products and services offered by the Group as well as the Group's ability to pay dividends.

In addition, consistent with the exercise carried out by the Committee of European Banking Supervisors (**CEBS**) in 2010, the European Banking Authority in 2011 commenced a stress test over a sample of 90 European banks. The Group passed the stress test. Furthermore, in October 2011, the EBA in collaboration with other competent authorities, initiated a regulatory capital exercise with respect to 71 banks throughout Europe, including UniCredit. Based on 30 September 2011 data, UniCredit's capital requirements were estimated at €7,974 million (compared to the estimated €7,379 million calculated in October 2011, which was based on figures as at 30 June 2011). The increase is due mainly to (i) the fact that the October exercise took into account the evaluation of sovereign debt securities held by the Group as at 30 June 2011 and (ii) the fact that the October exercise did not take into account the Group's economic results for the quarter ended 30 September 2011.

This capital requirement based on data as at 30 September 2011, will have to be attained by June 2012. UniCredit has presented to the Bank of Italy its plan to achieve a Core Tier 1 Ratio of 9 per cent. by the required deadline. Although the UniCredit Group believes that it has already identified measures deemed sufficient to satisfy this revised capital requirement, should those measures prove insufficient or ineffective, based on the recommendations of the EBA and Bank of Italy, the Group may have to seek capital from the private sector, through the intervention of Governments or, as a last resort, from the EFSF.

Due to the uncertainties connected with the above laws and regulations, there can be no assurance that their application will not have a significant impact on the Group's results of operations, business, assets, cash flows and financial condition, as well as on the products and services offered by the Group. In carrying out its activities, the Group is subject to numerous regulations of general application such as those concerning taxation, social security, pensions, occupational safety and privacy. Any changes to the above laws and

regulations and/or changes in their interpretation and/or their application by the supervisory authorities could adversely affect the Group's results of operations, business and financial condition.

The Group adopts International Financial Reporting Standards in preparing its financial statements. Due to the fact that some of these standards are in the process of being amended or may be amended and that several new standards will be effective in the coming future, the Group may need to restate figures in its financial statements that have already been published for prior financial years and/or periods, as well as update the Group's financial plans for future years, reflecting the new accounting requirements. Moreover, the Group may also need to revise its accounting treatment of certain transactions and the related income and expense, which could have potentially negative effects on the estimates contained in the Group's financial plans for future years.

In this regard, the Group in preparing its financial statements for the year ended 31 December 2011 has taken into account the amendments introduced by the IASB to IFRSs that are effective for 2011 financial statements. Furthermore, the Group will, in the future, have to take into account the amendments to IAS 19 and the new IFRS 10, IFRS 11 and IFRS 12 standards, which are in the process of being approved by the European Union and will enter into force on 1 January 2014 and IFRS 13 which is in the process of being approved and will enter into force on 1 January 2013. The new IFRS 9 standard that is currently being prepared to replace IAS 39 will introduce significant changes to the classification, measurement, impairment and hedge accounting of certain instruments. The new IFRS 9 standard is currently expected to enter into force on 1 January 2015, pending final publication and European Union approval.

Increased Capital Requirements

Under the Basel III framework, new capital requirements will be phased in gradually starting from 2013 until 2019, although implementation may be delayed, including in the European Union. Minimum Common equity tier 1 (CET1) will be increased from the current 2 per cent. of risk-weighted assets to 7.0 per cent. The 7.0 per cent. includes a "capital conservation buffer" of 2.5 per cent. 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 per cent. 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. For each systemically important financial institutions (SIFIs) there will be additional buffer requirements. In this context, UniCredit has been included in the list of global systemically important banks (G-SIB). The additional loss absorbency requirement, determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global activity and complexity), will be phased-in in parallel with the capital conservation and countercyclical buffers, ie between 1 January 2016 and year end 2018, becoming fully effective on 1 January 2019. Before implementation on 1 January 2016, national jurisdictions will implement official regulations/legislations (expected in 2014).

The Group may be subject to the provisions of the Crisis Management Directive, once finalised and implemented, in the future

On 6 June 2012, the European Commission published a 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 Crisis Management Directive or CMD). The stated aim of the draft CMD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses. The powers provided to authorities in the draft CMD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a bank's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of an institution presents a concern as regards the general public interest, a clear means to reorganise or wind down the bank in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses in insolvency (resolution). The draft CMD currently contains four resolution

tools and powers: (i) sale of business - which enables resolution authorities to the sale of the institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) bridge institution - which enables resolution authorities to transfer of all or part of the business of an institution to a "bridge bank" (a publically controlled entity); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and (iv) bail in - which gives resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail in tool).

The draft CMD contemplates that it will be implemented in Member States by 31 December 2014 except for the bail in tool which is to be implemented by 1 January 2018 (although the bail in tool with respect to capital instruments is currently contemplated to be implemented by 31 December 2014).

The powers currently set out in the draft CMD 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 CMD is agreed upon and implemented, its application will not have a significant impact on the Group's results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the Group and the products and services offered by the Group.

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

The 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 Group is exposed to operational risks and losses that can result from, among other things, internal and external fraud, unauthorised 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 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 Group. As at 21 December 2011, the Group's commercial banking activities in Italy and Germany are integrated on the EuroSIG platform, which is currently in the process of being implemented in Austria.

While the 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 Group's control, could substantially limit their effectiveness. As a result, there can be no assurance that the 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 Group's results of operations, business and financial position.

Although the Group believes that its resources are sufficient, complications and/or unexpected problems have arisen in the past and may arise in the future, which could delay or result in the inability of the Group to successfully integrate the above systems.

Intense competition, especially in the Italian market, where the Group has a substantial part of its businesses, could have a material adverse effect on the 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 Group operates. As at 31 December 2011, 50 per cent. of direct funding and 44 per cent. of the revenues of the Group is 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 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 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 Group could lose market share in the various sectors in which it is active.

In addition, as a result of such competition, the 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 Group's results of operations, business and financial condition.

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 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 Group has in place, as at 31 December 2011, a provision for risks and charges of €1,496 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 Group did not consider it necessary to make, or for which the Group was not able to quantify, a provision.

The 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 Group to claims for damages, fines, penalties as well as subject it to reputational damage.

The Group is involved in pending tax proceedings

At the date of the Prospectus, there are some 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” and “Brontos” transactions. In connection with such structured finance transactions, UniCredit and several Group banks have been audited or investigated by the Italian Tax Police (*Guardia di Finanza*), Tax Agency and the Prosecutor of Milan. Those audits and investigations presented tax and legal risks to the Group. Some of the above audits resulted in the issuance of tax assessment notices to UniCredit and other Group banks. However, in respect of 2005 and 2006 large issues, UniCredit settled the tax assessment notice for amounts lower than originally assessed. For different years suitable provisions have been booked in the accounts.

However, there can be no assurance that the 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 Group’s results of operations, business and financial condition. In addition, should a member of the Group breach or allegedly breach tax legislation in one or more of the countries in which the Group operates, the Group could be exposed to increased tax risks, which in turn could increase the likelihood of further tax litigation and result in reputational damage.

The Group may be unable to fully implement its 2010-2015 Strategic Plan

On 14 November 2011, the Board of Directors of UniCredit approved the 2010-2015 Strategic Plan (the **Strategic Plan**).

The Strategic Plan is based on projections and estimates relating to the occurrence of future events and regarding the effect of initiatives and steps taken by the management in the time of the Strategic Plan 2010-2015.

The main assumptions upon which the Strategic Plan 2010-2015 is based relate to the macroeconomic environment in which the Group operates, which is beyond the control of the management, and to assumptions relating to specific actions and future events to be undertaken by the management of the Group, which may not occur or evolve differently than assumed in the Strategic Plan.

Such circumstances could determine even significant deviations from the projections included in the Strategic Plan and therefore could have a significant impact on the Group’s forecasts.

RISKS RELATING TO THE NOTES

Credit risk relating to the Notes

By purchasing the Notes, the investor becomes a creditor of the Issuer and will have a claim against it in connection with the repayment of principal at maturity, bearing the risk that the Issuer could become insolvent or that it may in any case not be able to fulfil its payment obligations in case of economic or financial difficulty.

For the purposes of a correct appreciation of the “issuer risk” in relation to the investment, please refer to this Prospectus and the information incorporated by reference herein, as well as the documents available to the public for information regarding the Issuer’s financial situation and its business activities.

Risk linked to the Notes being unsecured

The Notes are not guaranteed by the Italian Interbank Fund for the Protection of Deposits (*Fondo Interbancario di Tutela dei Depositi*). Furthermore, the redemption of the Notes and any payment thereunder are not secured by third party or personal guarantees and it is not envisaged that the Notes will be made subject to such guarantees at any time prior to maturity. As such, investors will only have recourse to the assets the Issuer for the repayment of principal.

Noteholders will rank *pari passu* with noteholders invested in other securities issued by the Issuer in the satisfaction of their rights arising out of the Notes.

Risks relating to the sale of the Notes prior to their maturity

Should a Noteholder wish to sell the Notes prior to the envisaged maturity date, the price will be influenced by many factors, including:

- the fluctuation of market interest rates (please see “*Interest Rate Risk*” below);
- the characteristics of the market on which the Notes will be traded (please see “*Liquidity Risk*” below);
- changes to the Issuer’s creditworthiness (please see “*Risk of decline of the Issuer’s credit worthiness*” below);
- the occurrence of economic, military, financial, regulatory, political, terrorist or other events which may affect capital markets.

Such factors may give rise to a reduction in the price of the Notes below their subscription price. It follows that, should a Noteholder sell the Notes prior to maturity, the same may suffer a capital loss. Furthermore, such factors are complexly correlated and it is possible that their effects may be reciprocally counterbalanced or emphasised.

However, such factors do not impact the redemption price of the Notes which remains equivalent to 100% of their nominal value.

Interest Rate risk

Investing in the Notes exposes the holder to the so-called “Interest Rate Risk”, i.e. in the event of an increase in market interest rates, there will be a reduction of the value of its bond component and therefore, of the price of the Notes. Consequently, should a Noteholder wish to sell the Notes prior to maturity, the market value of the Notes being sold may be significantly lower than the subscription price of the Notes. The proceeds of sale of such Notes may therefore be significantly lower than the amount initially invested, or the actual performance of the investment may be significantly lower than the nominal value of the Notes at the time of subscription when the intention was to remain invested in the Notes until maturity.

The impact of the fluctuation in market interest rates variations on the price of Zero Coupon Notes is correlated to the residual life of the Note. Any increase in market interest rates may generate more damaging price reductions for the Noteholder of such Zero Coupon Notes, since the performance of the Notes is paid entirely at maturity.

It should be noted that any fluctuations in market interest rates do not affect the Redemption Price, which remains equal to 100% of the nominal value of the Notes.

The exposure to the market interest rate risks also depends on the average financial life of the Notes.

Liquidity risk

The liquidity of a financial instrument is dependant on the fact that it may be promptly transformed into cash.

The Noteholder may incur difficulties disinvesting in its own Notes and may be obliged to accept a price lower than that expected (in relation to market conditions and to the characteristics of the Notes), in consideration of the fact that any selling proposals of the Noteholder may not promptly be met by interested parties.

Banca Aletti & C. S.p.A. (**Banca Aletti**) applied for the admission to trading of the Notes on the multilateral trading facility “Hi-mtf” (“Order Driven” segment) organised by Hi-mtf SIM S.p.A. (**Hi-mtf**) and the Notes were admitted to trading on such facility on 22 January 2013.

Although the Notes are listed on the regulated market of the Luxembourg Stock Exchange and admitted to trading on the Hi-mtf, should the Noteholder intend to sell the Notes before their natural maturity, such Noteholder may suffer capital losses since the sale may occur at a price lower than the subscription price of the Notes.

Furthermore, should Banca Aletti at any time cease to provide the pricing of the Notes on the Hi-mtf, it is probable that a strong lack of liquidity may occur. In such case, the price at which the Notes may be sold would be lower than if the market were active.

Risks linked to secondary liquidity activities

The Issuer has entered into a repurchase agreement with Banca Aletti and UniCredit Bank AG, Milan branch. In accordance with CONSOB Communication no. DEM/DME/9053316 of 8 June 2009 and CONSOB resolution no. 18406 of 13 December 2012, the section of this Prospectus entitled "*General Information – Repurchase Agreement with Banca Aletti*" contains information relating to such agreement and the modalities of its execution (the **Repurchase Agreement**).

It should be noted that, pursuant to the Repurchase Agreement, the purchase price determined by the Price Maker on the secondary market (the **Purchase Price**) may be greater than the price that would have been independently determined on the market in absence of the mechanism provided by the Repurchase Agreement (the **Repurchase Mechanism**). For further information on the Repurchase Mechanism on the secondary market and the market information obligations concerning the activity, please refer to the section "*General Information – Repurchase Agreement with Banca Aletti*" of this Prospectus.

Risk linked to the quantitative limits on Banca Aletti's repurchase of Notes

The Purchase Price, determined in accordance with the Repurchase Mechanism by Banca Aletti acting as price maker (the **Price Maker**), will be calculated from the day after the Issue Date and until the day preceding the maturity date of the Notes, as detailed in the section "*General Information – Repurchase Agreement with Banca Aletti*" of this Prospectus. Therefore, when Banca Aletti, acting as Price Maker, repurchases a total amount of Notes equal to 10 per cent. of the total nominal amount of Note subscribed for under the issue at the Issue Spread Price (as defined in the section "*General Information – Repurchase Agreement with Banca Aletti*"), the Repurchase Price will reflect the market conditions and may be lower than that reflecting the issuer's credit spread under the Repurchase Agreement.

Risk linked to the possibility that the repurchase activity on the secondary market in relation to the Notes may be interrupted or suspended

The Repurchase Agreement entered into by Banca Aletti, the Issuer and UniCredit Bank AG, Milan branch, regulates the contractual relationships among the Issuer, UniCredit Bank AG, Milan branch, and Banca Aletti & C. S.p.A. acting as Price Maker. Where the Issuer, UniCredit Bank AG, Milan branch or the Banca Aletti do not fulfil their respective obligations under the Repurchase Agreement, or in case of the commencement of liquidation or bankruptcy procedures, creditors' agreement (*concordato fallimentare*) or other insolvency procedures vis-à-vis the Issuer, UniCredit Bank AG, Milan branch or Banca Aletti, or in the cases indicated in the Repurchase Agreement and better specified in the section "*General Information – Repurchase Agreement with Banca Aletti*" of this Prospectus, the Price Maker activity, pursuant to the Repurchase Agreement, may be interrupted or definitively suspended. Furthermore, if Banca Aletti repurchases a total amount of Notes equal to 10 per cent. of the total nominal amount of Notes subscribed for under the issue at the Issue Spread Price, the Repurchase Mechanism at the Issue Spread Price on the secondary market will be permanently suspended and, from that moment on, the purchase price will be the Market Spread Price determined according to the provisions of in the section "*General Information – Repurchase Agreement with Banca Aletti*" of this Prospectus.

Risk linked to the application of a trading fee on the secondary market

The Noteholder must consider that the investment value, in case of selling of the Notes prior to maturity, may decrease due to the application of a trading fee by the relevant intermediary operating on the secondary market.

Risk of decrease of the Issuer's credit worthiness

The Issuer is currently rated BBB+ by Standard & Poor's Credit Market Services Italia S.r.l. (**Standard & Poor's**), Baa2 by Moody's Italia S.r.l. (**Moody's**) and A- by Fitch Italia S.p.A. (**Fitch**). The Notes have not been nor are expected to be rated. Each of Fitch, Moody's and Standard & Poor's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's, Fitch and Standard & Poor's is included in the list of credit ratings 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.

The Notes may be depreciated in case of worsening of the financial situation of the Issuer, or in case of a decrease of the credit worthiness of the same, expressed by a lowering of the rating or the outlook¹ of the Issuer.

The ratings assigned to the Issuer constitute an evaluation of the Issuer's ability to fulfil its financial obligations, including those relative to the redemption of the Notes. It follows that any envisaged or actual change in the credit rating assigned to the Issuer may affect the market price of the Notes. However, since the performance of the Notes depends on a series of factors and not only on the Issuer's ability to fulfil its financial obligations with respect to the Notes, an increase of the ratings of the Issuer will not attenuate the other investment risks correlated to the Notes.

¹ The outlook (or perspective) is a parameter indicating the trend expected in the near future with regards to the rating of the Issuer. The outlook may be positive, negative or static; in the first case, the rating agencies foresee an increase of the rating of the issuer under examination (with respect to the last evaluation assigned), in the second case a worsening, in the third a situation of stability/maintenance. In the presence of events or conditions able to produce an effect on the ratings of certain issuers, the rating agencies put the rating "under review", specifying if the conditions are positive or negative. The likelihood of an increase or a worsening of the evaluation of the agency which, on the basis of the information available at that time, is not able to immediately determine the new rating level, is thereby indicated.

Risk linked to the risk-performance appreciation

Any appreciation of the risk-performance ratio by the market may give rise to a significant reduction of the price of the Notes.

The investor must consider that the performance offered by the Notes should always be correlated to the risk linked to the investment: securities with higher risk should involve a higher performance.

Risk linked to the presence of conflicts of interests

Persons involved in the offer of the Notes may have, with respect to the transaction, an independent interest potentially conflicting with that of the investor and therefore there may be situations of conflict of interests with such persons, as detailed in the section entitled "*General Information - Conflicts of Interest*" of this Prospectus.

Risk relating to the absence of rating of the Notes

In the absence of the assignment of a rating to the Notes, there is no immediate availability of a synthetic indicator representing the riskiness of the Notes.

Risk relating to the absence of information

Following the end of the offer period in relation to the Notes, the Issuer will not provide any information in relation to the market value of the Notes.

Risk linked to the change in the tax regime

All present or future taxes, applicable to the payments effected under the Notes, are at the sole expense of the Noteholder.

There is no certainty that the tax regime, applicable at the date of publication of the Prospectus, as interpreted, will not change during the life of the Notes with a possible prejudicial effect on the expected net performance of the Notes.

Accordingly, where deductions are required in accordance to the above, Noteholders will receive an amount lower than the one they would have been entitled to receive as a payment relative to the Notes.

The Issuer is not able to foresee if any regulatory changes will occur within the maturity of the Notes and, if so, the amounts to be withheld. The Issuer, in any case, will not be able to decide any deductions at its discretion. Please refer to the section entitled "*Taxation*" of this Prospectus for a description of the tax regime applicable to the Securities.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

Document	Information Incorporated	Page Reference
UniCredit audited consolidated financial statements as at 31 December 2010.	Consolidated Balance Sheet	122-123
	Consolidated Income Statement	124
	Consolidated Statement of Comprehensive Income	125
	Statement of Changes in Shareholders' Equity	126-127
	Consolidated Cash Flow Statement	128-129
	Notes to the Consolidated Accounts	131-435
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UniCredit audited consolidated financial statements as at 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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UniCredit unaudited consolidated financial statements subject to limited review as at 30 June 2011	Consolidated Balance Sheet	82-83
	Consolidated Income Statement	84
	Consolidated Statement of Comprehensive Income	85
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UniCredit unaudited consolidated	Consolidated Balance Sheet	54-55

financial statements subject to limited review as at 30 June 2012	Consolidated Income Statement	56
	Consolidated Statement of Comprehensive Income	57
	Statement of Changes in Shareholders' Equity	58-59
	Consolidated Cash Flow Statement	60-61
	Explanatory Notes	63-227
	Report of External Auditors	245-248
UniCredit unaudited consolidated financial statements subject to limited review as at 30 September 2011. A copy of the auditors' report on the review of condensed interim consolidated financial statements as of and for the nine months ended 30 September 2011 is included in this Prospectus as Annex 1.	Consolidated Balance Sheet	100-101
	Consolidated Income Statement	102
	Consolidated Statement of Comprehensive Income	103
	Statement of Changes in Shareholders' Equity	104-105
	Consolidated Cash Flow Statement	106
	Explanatory Notes	109-300
UniCredit unaudited consolidated financial statements as at 30 September 2012	Condensed Accounts – Consolidated Balance Sheet	16
	Condensed Accounts – Consolidated Income Statements	17
	Group Result	22-35
	Other Information	48-51
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Base Prospectus dated 26 June 2012 relating to the UniCredit S.p.A., UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A. €60,000,000,000 Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by UniCredit S.p.A.	Description of UniCredit and the UniCredit Group	145-188
	Overview of the Financial Information of UniCredit	189-191
First Supplement dated 20 July 2012 to the Base Prospectus dated 26 June 2012 relating to the UniCredit S.p.A.,	Entire document	N/A

UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A. €60,000,000,000 Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by UniCredit S.p.A.

Second Supplement dated 14 August 2012 to the Base Prospectus dated 26 June 2012 relating to the UniCredit S.p.A., UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A. €60,000,000,000 Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by UniCredit S.p.A.

Entire document

N/A

Third Supplement dated 19 November 2012 to the Base Prospectus dated 26 June 2012 relating to the UniCredit S.p.A., UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A. €60,000,000,000 Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by UniCredit S.p.A.

Entire document

N/A

Press release of UniCredit S.p.A. dated 3 December 2012

Entire document

N/A

Press release of UniCredit S.p.A. dated 18 December 2012

Entire document

N/A

Press release of UniCredit S.p.A. dated 29 January 2013 (relating to the centralization of baltic activities in line with its strategic plan)

Entire document

N/A

Press release of UniCredit S.p.A. dated 29 January 2013 (relating to the offering by UniCredit S.p.A. of up to 9.1% of the existing share capital of bank Pekao S.A.)

Entire document

N/A

Press release of UniCredit S.p.A. dated 30 January 2013

Entire document

N/A

UniCredit Memorandum and Articles of Association

Entire document

N/A

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

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the website of the Luxembourg Stock Exchange, *www.bourse.lu*.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus or publish a new Prospectus.

CONDITIONS OF THE NOTES

The following is the text of the Conditions applicable to the Notes (the **Conditions**).

1. FORM AND DENOMINATION

The Notes were issued in dematerialised bearer form on 31 October 2012 (the **Issue Date**) in an amount of €700,000,000, in denominations of €1,000 each.

The Notes will at all times be represented in dematerialised book-entry form in the books of Monte Titoli in compliance with the provisions of Legislative Decree No. 58 of 24 February 1998 and related implementing measures (the **Financial Services Act**). No physical document of title will be issued in respect of the Notes, however, if applicable, Noteholders may request the issue of a certification pursuant to articles 83-*quinquies* and 83-*novies*, paragraph 1, letter (b) of the Financial Services Act.

2. STATUS AND RANKING

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking equally (subject to any obligations preferred by any applicable law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, present and future and outstanding from time to time (except for certain notes subject to liens, as provided by law), and *pari passu* and rateably without any preference among themselves.

The Notes confer the right to repayment of 100 per cent. of the nominal value of the Notes at maturity. The rights attaching to the Notes will be equally ranked with respect to any other current or future unsecured and unsubordinated debts the Issuer. The right of repayment of the Noteholders will therefore be satisfied *pari passu* with other unsecured and unsubordinated claims against the Issuer.

3. CURRENCY

The currency of the Notes is Euro (€).

4. ZERO COUPON

The Notes do not provide for the periodic payment of interests. The actual gross performance is given by the difference between the Issue Price and the Redemption Amount. Such difference represents the implicit capitalised interest payable in a single solution on the Maturity Date.

5. ISSUE PRICE AND REDEMPTION AMOUNT

The issue price of the Notes was equal to 84.95 per cent. of the nominal value of each Note (the **Issue Price**).

The redemption amount will be 100 per cent. of the nominal value of each Note (the **Redemption Amount**).

6. PAYMENTS

Payments of principal in respect of each Note will be made by the Issuer through the relevant financial intermediaries which participate in Monte Titoli's centralised settlement system.

If the day on which the payment of principal in respect of a Note is due is not a business day in the place of payment, payment will occur on the first following business day and no further interest shall be due in respect of such additional period.

For the purposes of these Conditions, the term "business day" shall mean any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (**TARGET2**) System is open.

7. REDEMPTION

The Issuer will redeem the Notes in a single solution at their principal amount on the 31 October 2017 (the **Maturity Date**).

8. PRESCRIPTION

Noteholders' right to payment of principal in respect of the Notes expires ten years after the date on which the Notes became redeemable.

9. NOTICES

All notices from the Issuer to the Noteholders will be published on the Issuer's website (www.unicreditgroup.eu), unless otherwise provided by applicable laws or regulations and, if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange's website, www.bourse.lu. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

10. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Notes have been created and issued in Italy and these Conditions are subject to, and must be interpreted pursuant to, Italian law.

The competent judicial authority, on exclusive basis, for the disputes relative to the Notes will be the Court of Milan; the subjection of the Issuer to the exclusive judicial authority of the Court of Milan will not limit (and will not be interpreted as limiting) the right of each Noteholder to bring a claim before any other competent court, including the court of residence or domicile of choice of the relevant Noteholder, where such right could not be conventionally limited or contractually amended pursuant to the applicable rules in force.

11. MODIFICATION

The Issuer may, without obtaining the prior consent of the Noteholders and in the ways he will deem reasonably appropriate, amend these provisions, provided that such amendments will not be prejudicial to the rights and interests of the Noteholders and will be aimed at correcting a minor error or at eliminating any ambiguity or inaccuracy within the text thereof. Notices that such amendments have been made will be given in accordance with article 9, above.

12. MISCELLANEOUS

- 12.1 The Notes do not fall within the categories of securities covered by the guarantee of the Italian Interbank Fund for the Protection of Deposits (*Fondo Interbancario di tutela dei depositi*);
- 12.2 The Notes have the benefit of those rights attaching to them by virtue of the provisions of current applicable Italian legislation for securities of the same type;
- 12.3 There are no pre-emption rights attaching to the Notes;
- 12.4 The possession of the Notes implies full acceptance of all conditions set forth herein.

USE OF PROCEEDS

The net proceeds of the issue of the Notes were applied by the Issuer for its general corporate purposes in the ordinary course of business.

TAXATION

TAXATION IN THE REPUBLIC OF ITALY

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

Noteholders are solely responsible for the payment of any taxes or duties levied on the Notes or any proceeds deriving therefrom under applicable laws.

Tax treatment of the Notes

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 repayment amount and the issue price (the **Income**) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian banks. For this purpose, bonds and debentures similar to bonds are securities, including zero coupon bonds, that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) to management of the issuer.

Italian resident Noteholders

Where the Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the relevant 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, Income relating to the Notes, accrued during the relevant holding period, is subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent. In the event that 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, Income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and is 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, Income in respect of the Notes accrued by Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and article 14-bis of Law No. 86 of 25 January 1994 is 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, Income accrued during the holding period on the 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 per cent. 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, 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 per cent. 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 Economy and 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 Income 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 Income 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 a 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 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-resident investors must be the beneficial owners of payments of the Income and (a) deposit, directly or indirectly, the Notes with a bank or a SIM or a permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are 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, to be provided only once, until revoked or withdrawn, 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 or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. or at the reduced rate provided for by the applicable double tax treaty, if any, to Income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

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 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 (i) an individual not holding the Notes 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, net of any accrued Income, would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. Noteholders may set off losses with gains.

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

(i) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in 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 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 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 of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(ii) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding 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 relevant Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually 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 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 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 its annual tax return.

(iii) Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including 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 per cent. 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 its annual tax return.

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 or shareholders may be subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by a Noteholder which 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 per cent. substitute tax.

Any capital gains realised by Italian resident 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 fund.

Capital gains realised by non-Italian-resident Noteholders from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets.

Capital gains realised by non-Italian resident Noteholders from the sale, early redemption 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 a 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 will introduce a new "white list" replacing the current "black list" system, so as to identify those countries which (a) allow for a satisfactory exchange of information and (b) do not have a more favourable tax regime.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 20 per cent. 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, early redemption 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, early redemption or redemption of Notes.

Inheritance and gift taxes

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

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (b) 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 applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

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

Transfer tax

Article 37 of the Law Decree No. 248 of the 31 December 2007, converted into Law No. 31 of 28 February 2008, has abolished Italian transfer tax provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 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 €168.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to 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 0.1 per cent. for the year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can neither be lower than €34.20 nor, for Taxpayers different from individuals, exceed €4,500.

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 0.15 per cent..

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).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), 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).

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

Implementation in Italy of the EU Savings Directive

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

LUXEMBOURG TAXATION

The following summary is of a general nature 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.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, 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 holders of Notes.

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 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, as defined by 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 fiscal authorities of his/her/its 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 of 35 per cent.

(ii) Resident holders of Notes

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

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. 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 of 10 per cent.

SUBSCRIPTION AND SALE

The Issuer has offered the Notes directly to investors in Italy. The Issuer has not entered into any underwriting agreement with any entities agreeing to underwrite the issue.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) the Issuer has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than in accordance with the Prospectus Directive as implemented in that relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and
- The expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Republic of Italy

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other offering document relating to the Notes in the Republic of Italy above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, 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**); and

- (b) 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
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Luxembourg

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Directive in which an offer of the Notes may be made to the public in an EEA Member State (including Luxembourg), an offer of the Notes may also be made to the public in Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law, as amended) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

General

The Issuer has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

This Prospectus does not constitute a promotional activity carried out in connection with the Notes or an offer or invitation to purchase the Notes directed at any citizen or resident in the United States, Canada, Australia, Japan or any other country where such activities are not permitted unless certain exemptions have been complied with or authorisations obtained from competent authorities (the **Other Countries**). The Notes have not been and will not be registered under the Securities Act, not have they been or will be registered under equivalent legislation of Canada, Japan or Australia or of any Other Country and will consequently not be offered, sold or delivered, directly or indirectly, in the United States, Canada, Japan, Australia or any Other Country.

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 28 February 2012.

Recent Developments

As at 11 February 2013, UniCredit's share capital, fully subscribed and paid-up, amounted to € 19,647,948,525.10 and comprised 5,789,536,030 shares without nominal value, of which 5,787,112,132 are ordinary shares and 2,423,898 are savings shares. UniCredit's ordinary shares are listed on the Italian, German and Polish regulated markets. The shares traded on these markets have the same characteristics and confer the same rights on the holder. UniCredit's savings shares (shares without voting rights and with preferential economic rights) are only listed on the Italian regulated market.

As at 11 February 2013, according to available information, the following shareholders held, directly or indirectly, more than 2 per cent of UniCredit's ordinary shares:

Main Shareholders	Ordinary Shares	% (on ordinary capital)
Aabar Luxembourg S.A.R.L.	376.200.000	6,501%
BlackRock Inc.	291.461.773	5,036%
PGFF Luxembourg S.A.R.L.	290.000.000	5,011%
Fondazione Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona	204.508.472	3,534%
Carimonte Holding S.p.A.	174.363.205	3,013%
Gruppo Central Bank of Libya	168,529,755	2.912%
Capital Research and Management Company <i>- dont on behalf of</i>	158.097.471	2,732%
EuropeanPacific Growth Fund <i>(Right of vote for discretionary asset management)</i>	127,901,060	2.210%
Fondazione Cassa di Risparmio di Torino	145.099.006	2,507%
<i>- which is lender for</i>	29,540,309	0.510%
Gruppo Allianz	116.650.786	2,016%
Delfin s.a.r.l.	116.005.000	2,005%

According to article 5 of UniCredit's Articles of Association, no one entitled to vote may vote, for any reason whatsoever, for a number of shares exceeding 5 per cent. of the share capital bearing voting rights.

For the purposes of computing said threshold, one must take into account the global stake held by the controlling party, (be it a private individual, legal entity or company), all subsidiaries – both direct and indirect – and affiliates, as well as those shares held through trustee companies and/or third parties and/or those shares whose voting rights are attributed for any purpose or reason to a party other than their owner; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates, on the other hand, must not be taken into consideration.

Listing and admission to trading

Application has been made to the CSSF to approve this document as a prospectus. Application has also 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. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Furthermore, Banca Aletti & C. S.p.A. (**Banca Aletti**) applied for admission to trading of the Notes on the multilateral trading facility denominated "Hi-mtf", "Order Driven" segment organised by Hi-mtf SIM S.p.A. (**Hi-mtf**), within 90 days from the Issue Date (excluded). The Notes were admitted to trading on the Hi-mtf on 22 January 2013.

Securities of the same class issued by the Issuer are already traded on the Multilateral Trading Facility EuroTLX® managed by EuroTLX SIM S.p.A.

Repurchase Agreement with Banca Aletti

Pursuant to separate contractual arrangements between the Issuer and Banca Aletti, the latter acts as placement agent, placement manager and calculation agent in relation to the Notes and carries out activities as intermediary on the Hi-mtf.

Furthermore, Banca Aletti acts directly (i.e. not through any other intermediary) as "specialist" and price maker (the **Price Maker**) pursuant to the rules of the Hi-mtf in order to guarantee the liquidity of the Notes, as required by CONSOB communication no. DEM/DME/9053316 of 8 June 2009 and CONSOB resolution no. 18406 of 13 December 2012.

In its capacity as "specialist" and Price Maker, Banca Aletti will, upon request of the Notes' subscribers, request orders for the Notes on the Hi-mtf on a daily basis (in accordance with TARGET 2):

- (a) at a price (the **Issue Spread Price**) equal to the increase, expressed in basis points above 3 Months Euribor rate (recorded on a quarterly basis, 2 business days prior to the Issue Date in accordance with TARGET 2), equal to 360 basis points as at the issue of the Notes, until 10 per cent. of the nominal value of the total Notes placed has been attained (the **Maximum Purchasable Amount at the Issue Spread Price**). Such 10 per cent. is calculated taking into account all the Notes purchased at the Issue Spread Price, including those purchased in the period preceding the admission to trading of the Notes on the Hi-mtf. The Maximum Purchasable Amount at the Issue Spread Price may not be reconstituted through sales transactions (i.e. through the so-called practice of "refreshing");
- (b) at a price (the **Market Spread Price**) which reflects the market conditions applicable at the time, using the 3 Month Euribor asset swap spread applicable to the market bid price of the security issued by UniCredit with ISIN Code XS074588787. All the evaluations and elections in the context of the calculation of the Market Spread Price will be made by Banca Aletti at its discretion.

Banca Aletti will purchase the Notes at the Issue Spread Price until the Maximum Purchasable Amount at the Issue Spread Price has been reached, upon occurrence of a lowering of the creditworthiness of the Issuer in the context of the issue of the Notes (resulting in the Issue Spread Price being higher than the Market Spread Price).

Banca Aletti will repurchase the Notes at the Market Spread Price upon occurrence of either of the following:

- (i) where the creditworthiness of the Issuer in the context of the issue of the Notes has increased, and as a result the Market Spread Price will be higher than the Issue Spread Price; or
- (ii) where Banca Aletti, acting as Price Maker, has purchased an amount of Notes equal to the Maximum Purchasable Amount at the Issue Spread Price, and consequently it has concluded its price making activity at the Issue Spread Price.

In pursuance of the secondary liquidity activities as described above, Banca Aletti has entered into a an agreement with the Issuer and UniCredit Bank AG, Milan branch (the **Repurchase Agreement**), under which the Issuer (also through UniCredit Bank AG, Milan branch) undertakes to repurchase from Banca Aletti an amount of Notes equal to the Maximum Purchasable Amount at the Issue Spread Price, upon Banca Aletti's request.

As required by CONSOB Communication no. DEM/DME/9053316 of 8 June 2009 and CONSOB resolution no. 18406 of 13 December 2012, having been duly informed of the occurrence thereof by Banca Aletti, the Issuer will promptly notify the market pursuant to Article 114, comma 5 of the Financial Services Act and in accordance with Part III, Title II, Chapter I of CONSOB Regulation no. 11971/1999 in the following circumstances:

- (a) upon the worsening of the creditworthiness of the Issuer as compared to its creditworthiness as at the Issue Date (and where, as a result, the Issue Spread Price is higher than the Market Spread Price);
- (b) where the conditions outlined in (a) above no longer apply and therefore the Issue Spread Price is once again lower than the Market Spread Price; or
- (c) upon the attainment – by virtue of the purchase of the Notes by Banca Aletti – of amounts of Notes purchased equal to 25 per cent., 50 per cent., 75 per cent., 85 per cent., 95 per cent. and 100 per cent. of the Maximum Purchasable Amount at the Issue Spread Price.

In order to provide adequate information to investors, the communication to the market by UniCredit (having been duly informed by Banca Aletti) of the occurrence of the aforementioned events will be carried out in accordance with Article 114, comma 5 of the Financial Services Act and in accordance with Part III, Title II, Chapter I of CONSOB Regulation no. 11971/1999.

Banca Aletti will make the information passed on to and made public by UniCredit in accordance with the previous paragraph available on the Hi-mtf.

Banca Aletti's activities as Price Maker and the Issuer's and UniCredit Bank AG, Milan Branch's repurchase activities pursuant to the Repurchase Agreement may be interrupted or definitively suspended in the event that the Issuer, UniCredit Bank AG, Milan branch or Banca Aletti do not fulfil their respective obligations under the Repurchase Agreement, or in case of the commencement of liquidation or bankruptcy procedures, creditors' agreement (*concordato fallimentare*) or other insolvency procedures *vis-à-vis* the Issuer, UniCredit Bank AG, Milan branch or Banca Aletti.

Moreover, Banca Aletti's activities as Price Maker and the Issuer's and UniCredit Bank AG, Milan Branch's repurchase activities pursuant to the Repurchase Agreement may be temporarily suspended upon the occurrence, following the Issue Date, of certain events (indicated in the Repurchase Agreement) resulting in the impossibility or difficulty for the Issuer, UniCredit Bank AG, Milan Branch or Banca Aletti and/or of their respective group of companies (in Italy or at an international level) to carry out the activities described above (such as, but not limited to, significant changes in the political or economic stability of the Republic of Italy or at an international level; a general suspension or substantial limitation in the trading of securities in general or securities issued by the Issuer and/or of UniCredit Bank AG, Milan Branch and/or Banca Aletti on the Milan Stock Exchange; the imposition of a general moratorium on banking activities declared by competent Italian authorities or a suspension of traditional banking activities or the occurrence of a serious disruption of banking activities or the liquidation of securities or of settlement and clearing services in Italy or any other *force majeure* event). Such suspension will be lifted once the relevant circumstances have ceased to exist.

Clearing systems

The Notes have been accepted for clearance through Monte Titoli which operates links with Euroclear and Clearstream, Luxembourg. The ISIN for this issue is IT0004854060 and the Common Code is 086969343.

The address of Monte Titoli is Piazza degli Affari 6, 20123 Milan, Italy, the address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material change

Save as disclosed in this Prospectus there has been no significant change in the financial or trading position of the Issuer since the unaudited consolidated financial statements as at and for the nine months ended 30 September 2012, and there has been no material adverse change in the prospects of the Issuer since the audited consolidated financial statements as at and for the year ended 31 December 2011.

Conflicts of Interest

Banca Aletti (acting as placement agent as well as placement manager and Price Maker) will enter into, with the Issuer – potentially indirectly, through companies of the same UniCredit Group and in one or more solutions – agreements for the coverage of the interest rate risk linked to the issue of the Notes for a notional amount equal to the total nominal amount of the Notes issue. Such situation may give rise to a conflict of interest for Banca Aletti (in its capacity as placement manager and placement agent) towards the Noteholders.

Banca Aletti will take care of highlighting any conflicts of interests which may arise with its clients, in accordance with its policy for the management of the conflicts of interest and applicable rules.

Auditors

Listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredit held on 10 May 2007, KPMG S.p.A. was appointed to act as UniCredit's external auditor until 2012. KPMG S.p.A. succeeded to PricewaterhouseCoopers S.p.A., which had acted as the external auditor for UniCredit, and for its predecessor entity Credito Italiano, for three consecutive three-year terms.

The external auditors of UniCredit who have audited the annual consolidated financial statements for the financial years ended 31 December 2010 and 2011, without qualification, in accordance with generally accepted auditing standards in Italy are KPMG S.p.A., Via Vittor Pisani 25 20124 Milan, Italy.

UniCredit's external auditor KPMG S.p.A. is registered on the roll of chartered accountants held by the Ministry of Justice and in the register of Auditing Firms held by CONSOB.

The external auditors have no material interest in UniCredit.

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

Documents available

Following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer, on its website www.unicreditgroup.eu:

- (a) the Memorandum and Articles of Association (with an English translation thereof) of the Issuer;
- (b) the audited consolidated financial statements of UniCredit as at and for the financial years ended 31 December 2010 and 2011 (with an English translation thereof);
- (c) the unaudited consolidated interim accounts of UniCredit (with an English translation thereof) as at and for the sixth months ending 30 June 2011 and 2012 and the nine months ending 30 September 2011 and 2012 (with an English translation thereof);
- (d) the Base Prospectus dated 26 June 2012 relating to the UniCredit S.p.A., UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A. €60,000,000,000 Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by UniCredit S.p.A. and all supplements thereto.

The Issuer currently prepares audited consolidated accounts on an annual basis.

Copies of this Prospectus and each document incorporated by reference is available on the Luxembourg Stock Exchange's website at www.bourse.lu.

THE ISSUER

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ANNEX 1

**Auditors report on the review of condensed interim consolidated financial statements as of and for the
nine months ended 30 September 2011**



KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Auditors' report on the review of condensed interim consolidated financial statements

To the Board of Directors of
UniCredit S.p.A.

- 1 We have reviewed the condensed interim consolidated financial statements of the UniCredit Group as at and for the nine months ended 30 September 2011, comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.
- 2 We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim consolidated financial statements.

The condensed interim consolidated financial statements include the corresponding figures of the previous year annual consolidated and condensed interim consolidated financial statements for comparative purposes. With regard to the corresponding figures of the previous year annual consolidated financial statements included in the condensed interim consolidated financial statements, reference should be made to our report dated 4 April 2011.

We have not examined the corresponding figures of the same period of the previous year presented for comparative purposes. Therefore, our conclusions set out herein do not extend to such data.



UniCredit Group
Auditors' report on review of condensed interim consolidated financial statements
30 September 2011

- 3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the UniCredit Group as at and for the nine months ended 30 September 2011 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 21 November 2011

KPMG S.p.A.

(signed on the original)

Roberto Fabbri
Director of Audit